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**QUARTERLY TECHNICAL PERFORMANCE REPORT NO. 7**

Period covering July 1, 2006 – September 30, 2006  
(4th Quarter of FY 2006)

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

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## EXECUTIVE SUMMARY

This quarterly report covering the period July 1 through September 30, 2006, 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 El Salvador.

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:

### GUATEMALA

#### **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***

On August 18 2006, after three months of intensive work, the Transparency and Social Audit Dialogue Table participants together with the Presidency Manager presented the “GOG Transparency Action Plan” and the “Proposed Actions by the Transparency and Social Audit Dialogue Table” to the three Presidents of the State Branches (Executive, Legislative, Judiciary), the GOG Vice-president Eduardo Stein, the Human Rights Ombudsman representative, the Guatemalan 1992 Nobel Prize Rigoberta Menchú, and main church leaders

- The Governmental Transparency Action Plan is developed based on four strategies: 1) prevention, 2) institutional strengthening, 3) control, 4) sanction. Preventive actions refer mainly to those policies and activities related to free access to information, conflict of interest policy implementation, and the social audit activities of the government’s performance that lead to a reduction in the discretionary use and management of public funds.
- The T/AC Program supported several workshops that produced the two documents mentioned and continues supporting and providing technical assistance to the implementation of the 30, 60, 180-day Transparency Action Plan. During this quarter, the T/AC Program’s Technical Committee approved three consultancies, office equipment, and the Transparency Action Plan prints fully consistent with the GOG Transparency Action Plan.
- The GOG 30-day Transparency Action Plan Implementation Accountability Report informed of the progress the GOG achieved during this period. The actions reached are linked to access to information and social auditing
- Likewise, the T/AC Program continues supporting the Office of the Presidential Commissioner for Transparency and Anti-corruption in the organization of the 12<sup>th</sup> International Anti-Corruption Conference (12 IACC) to. The T/AC Program supported

the dissemination of information related to the 12 IACC (such as posters and trifoliar prints). Also, the Program plans on sponsoring 30 local participants during the 12 IACC, and has made reservations for this. The participants will be mainly civil society representatives, particularly the NGOs that have been awarded a grant by the Program.

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

- On September 26, the civil society group lead by Accion Ciudadana, the local TI chapter, held a press conference presenting the monitoring report of the IACC / OAS Committee of Experts Recommendations which was given a year ago to the State of Guatemala. According to the civil society group report, of the thirty one recommendations, three of them were fully accomplished, nine of them are in the process of being accomplished, and nineteen were not fulfilled.
- Guatemala baselines for both indicators are still being developed with the support of international consultants, the aim of the Transparency Presidential Commissioner, and civil society volunteers. The map of indicators tracking the Government's compliance with IACC is based on different questionnaires and analyses done by experts and government institutions. The survey on free access to information is also being created by solicitating information from different State and Government institutions. These measuring practices have been rated as pioneering and innovative by Transparency International associates, and Guatemala baselines results will be presented during the 12 IACC in November 2006 through the different workshops planned.
- Also, in September, under the coordination of the Panama Transparency Program, a videoconference on the United Nations Convention Against Corruption (UNCAC) took place. Senior officers from the United Nations gave their opinions on its content and answered relevant questions. The T/AC Program together with Rafael Landivar University invited several officers from the Government, Judiciary, Public Ministry and District Attorney's Office, oversight institutions, the Transparency Presidential Commissioner, USAID, civil society organizations, private sector organizations, the media, and academic sector to attend this videoconference. Around 30 Guatemalan participants attended among others from Dominican Republic, Mexico, Nicaragua, Panama, El Salvador and Honduras.

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

- Many recommendations and actions have been included in the Governmental Transparency Action Plan. Even though many people don't seem to be convinced of this, many steps to combat the corruption are taking place and some other reforms are being analyzed to cut the discretionary use of funds.

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

- The Stan Storm in October 2005 opened a window of opportunity for the T/AC Program to provide technical support in the development of a GOG Transparency Plan for the Stan Reconstruction Program. The Program encouraged the Vice-President Manager Office in charge of the GOG Reconstruction Program to determine its needs, requesting technical assistance to fulfill accountability report activities and to put in place a system that could gather information solicitation and citizen complaints through a call center. On the consultant's visit in late September, public institutions confirmed its will to carry out the call center that would provide information and/or collect complains as well as to provide the information gathered through its experience during the reconstruction process. The consultant provided the Vice-president Manager Office with enough guidance, different manuals and an action plan to implement the call center.
- The T/AC Program continued the dialogue with the Comisión Presidencial para la Modernización y Descentralización del Estado (COPRE) to organize a follow-up conference of the Good Governance Forum that took place in Mexico in November, 2005. As a result, this Forum was replicated in Guatemala, late August 2006 in a big GOG Cabinet Meeting directed by the President himself.
- The GOG Cabinet Meeting was attended by the highest level officers of the Government and ended with the President's instruction to put into practice any transparency action learned through the explanations and presentation of the Mexican Sub-Secretary Jesus Mesta. In the days following, several workshops led by Mexican officers were organized for the Guatemalan public officers, in an attempt to have the GOG follow Mexico's example in the four topics mentioned.

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

- Accion Ciudadana, AC, presented publicly on July 12 the corruption perception and experience index (IPEC) survey that was previously developed. The IPEC survey showed that the public services with more corruption experiences are the ones related to the Traffic Municipal Police, Customs, the National Police, Municipalities and the Municipalities Water Service. Guatemala's IPEC General Index in 2006 is 11.43.

***LLR 2.1.6: Key oversight agencies strengthened***

- After the Program hired an IT specialist to provide technical assistance during the negotiation, the Program has issued a purchase order and other interactive modules to provide better and more information to citizens as part of the Congressional website.
- The Citizen Booth Project was also approved by the Program's Technical Committee, but the National Congress decided to place it in a different location from

what was originally planned, so the project is being revised to ensure that all regulations are being met.

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

- As a result of the different discussions on social audit manuals, the T/AC Program organized a workshop on August 29 to distribute to civil society groups a document containing a list of organizations working on social auditing and to share the national and international social auditing experiences and lessons learned. This list was obtained during a workshop from a former Transparency 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***

- The social audit workshop mentioned above included national and international social audit experiences. Two international consultants presented the best Latin American and Mexican experiences, and local NGO directors were invited to share their lessons learned.
- Also, during this quarter the T/AC Program concluded the Competitive Fund for Social Auditing, aimed at improving and increasing the participation of civil society organizations (CSO) in overseeing how the GOG manages public affairs. Six grant agreements were signed with different CSOs.
- The T/AC Program continued receiving project proposals and awarded two more (Fundacion DESC and Mirador Electoral), making a total of 7 grants awarded plus the six small competitive fund awards.

During this quarter, a Social Audit Departmental Report was presented in Quetzaltenango. The report focused on the delay of the GOG housing program, and on the progress achieved in communication roads. Accion Ciudadana also mentioned to the T/AC Program the weaknesses of the civil society organizations in reporting, the low education capacity of its members and the lack of will of some local authorities regarding accountability.

- The new grant awarded to Fundacion DESC will monitor the Fertilizer Program, which is a GOG program accused of political clientelism. During this quarter, information requests have been the main activity through different interviews to peasants and public employees in two large departments, San Marcos y Huehuetenango.

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

- As mentioned before, the T/AC Program also awarded an unsolicited proposal to Centro para la Acción de la Responsabilidad Social Empresarial (CentraRSE) to

create a Guide on how to develop an ethics code, as well as the implementation of three sectoral Ethics Codes for the private sector. The design of the guide was completed during this quarter and it is being reviewed before being printed. CentraRSE has also had discussions with different sectors on starting the design of the three sectoral ethics codes. The first sector that agreed on developing their ethics code was the Chamber of Construction, followed by the Asociacion Gremial del Empresariado Rural (AGER), and after several meetings the Chamber of Industry became the third sector to discuss an ethic code.

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

- The citizen journalism project presented by the newspaper elPeriodico was launched during this quarter to promote the active participation of the public at large in denouncing corruption cases as well as in writing articles and/or comments on transparency and anti-corruption issues. The weekly editions have improved since the first one, even though denouncing corruption cases is not part of the Guatemalan culture yet. A final selection on the essay contest was announced during the quarter, and was published and distributed by elPeriodico in the September edition. On August 24, elPeriodico carried out a meeting to announce the final winners: the first prize went to Alan Gerardo Barrera Sosa, the second prize to Pablo Josue Estrada Letona, and the third prize to Nancy Fabiola Quixtan Hernandez. A month later, August 29, the essay winner was published in the Sunday edition, and he received his prize as well as public recognition of his work.

**SUB IR 2.4: Accountability of elected and appointed officials approved**

***LLR 2.4.1: Political Party and elected leaders accountability improved***

- From July 27 through July 28, 2006 a conference on Political Party Financing took place in Managua, Nicaragua. The Program invited a total of six representatives that included people from the Supreme Electoral Court, civil society, and representatives of different political parties like the Frente Republicano Guatemalteco (FRG), Gran Alianza Nacional (GANAN), Unidad Nacional de la Esperanza (UNE), Partido de Avanzada Nacional (PAN).
- During this quarter, the T/AC Program awarded a three month grant to Mirador Electoral, a civil society alliance linked to electoral subjects. Mirador Electoral will encourage the timely approval of the electoral law reforms.

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

- After the election of the new Comptroller General, the T/AC Program has discovered a new opportunity to work with the Probity Directorship. The Program will coordinate with USAID on another visit to the new authority to discuss the implementation of the

Probity Directorship Action Plan within the Office of the Comptroller General, already defined by the Coalicion por la Transparencia.

## **NICARAGUA**

### **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 Program participated in one of the discussions organized by the Communication Directorate of the Presidency on the National Anti-Corruption Strategy. Extensive comments and suggestions were provided to the strategy.

#### *LLR 2.1.2: Implementation of Inter-American Convention against Corruption (IACC) Commitments*

- Civil Society and Governmental response to the OAS' Committee of Experts' Questionnaire on Nicaragua's compliance with the IACC
- IACC expert Miguel Peñailillo designed a sustainable and innovative strategy to carry out-result oriented activities related to the IACC.

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

- Grant awarded with the *Instituto de Estudios Estratégicos sobre Políticas Públicas* (IEEPP) to promote social auditing of budgets and public policies at the national and local levels, in key sectors such as health, education, environment and defense.

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

- Mr. Hernan Charosky, an Argentinean anti-corruption and BSA specialist, conducted a diagnostic to perform bureaucratic simplification assessment in at least two key ministries.

### **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*

- Awarded a grant to *Red Local Para el Desarrollo* in September. The grant will develop and promote transparency and citizen participation in municipal processes.

## **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

- Contract signed with the *Universidad Centro Americana* (UCA) to conduct a municipal over sample survey of the much larger DIMS national survey conducted by Vanderbilt University/LAPOP.
- Subcontract signed with, *Juventud por la Democracia Nicaragüense* (JUDENIC) to conduct a social auditing exercise on the way in which public resources are assigned to public universities and how they are in turn spent.

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

- International expert Delia Ferreira conducted the training for 21 journalists, of which 12 were men and 9 women. The immediate result of this training was one news story in each of the two major newspapers (La Prensa and El Nuevo Diario) about the training sessions and the issues.

## **Sub-IR 2.4: Accountability of Elected and Appointed Officials Improved**

### LLR 2.4.1: Political parties and elected leaders' accountability improved

- From July 22 through July 28, the Program hosted a series of events all directed towards raising awareness of the importance of political party financing. The week of events was composed of several mini-initiatives with the media, media owners, private sector entrepreneurs, political actors, and public officials. A two-day International Conference on Political Party Financing concluded the week.
- Signing of five grants as part of a "Strategic Small Grants Package Initiative on Political Party finance." The overall goal of this initiative is to support an integrated civil society initiative to promote transparency and accountability in the electoral process and to pressure political parties to be more transparent in their finances

## PANAMA

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

- Leveraging a significant amount of funds from international and domestic sources for the implementation of Program activities. These entities included the United Nations Office on Drugs and Crime (UNODC), the U.S Embassy's Narcotics Affairs Section (NAS), the U.S. Department of Justice, the Inter-American Development Bank, the World Bank's Global Development Learning Network and the Canadian Embassy. Furthermore, monetary and in kind contributions were also secured from the private sector in connection with the execution of public awareness activities in the anticorruption field.
- Advancing the process to set up a single and revamped entity at the Attorney General's Office responsible for prosecuting high profile corruption cases. For instance, the Program provided technical assistance in: 1) Defining mechanisms for personnel recruitment and selection; 2) Designing and carrying out psychological evaluations for aspiring candidates, and 3) Preparing job descriptions of the legal and administrative staff that will join the new Anticorruption Unit.
- Gathering the Attorneys General, or their representatives, from nine Latin American countries in Panama to discuss and identify, for the first time through an on-site encounter, best practices in the investigation of corruption and the recovery of ill-gained assets. The workshop's major conclusions and proposals were compiled into a "Declaration of Intent to Streamline the Investigation of Corruption and the Recovery of its Proceeds". All attending representatives signed the document.
- Introducing key public opinion makers in government, the private sector and the media to the scope and content of the UN Convention against Corruption. Furthermore, as a direct result of the Program's contact with the National Assembly, its Government and Justice Committee requested the United Nations' support in reviewing the proposed Criminal Code to ensure that it complies with the standards set forth by the UN Convention against Corruption. Also, the Program motivated the United Nations interest to jointly prepare a booklet on the scope and contents of the UN Convention against corruption to be distributed among the public at large in Panama and other Latin American countries. The document would be written in simple, non-technical terms, to clearly convey the objectives of this instrument and the role that different stakeholders may assume to promote its implementation.
- Launching a project to "Prevent, Detect and Penalize Corruption within the Judicial Branch" and completing a detailed methodology for its execution, which would culminate with the adoption of an Anticorruption Plan in 2007.
- Supporting the organization of the First National Congress of Human Resources Managers. The event concluded with the adoption of a series of conclusions and

recommendations for the proper implementation of a unified civil service in the public sector in Panama.

**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 a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other Sub-IRs where its contributions are expected to have the most impact.

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

- Advancing citizen participation in the justice reform process and in monitoring the Judiciary's transparency and performance. For instance, Alianza Ciudadana successfully managed to involve women's organizations, indigenous groups and professional associations in the discussion of the draft Criminal Code and Criminal Procedures Code. It also drew attention to new prerogatives bestowed upon GOP officials, such as a bill that would exclude the Attorney General's Office from investigating wrongdoing from Congressmen/women. Additionally, the Program assisted Alianza Ciudadana in the design and launching of an Internet site which serves as a citizen oversight mechanism. The site, titled, "Vigilancia Ciudadana contra la Corrupción" (Citizens' Anticorruption Watch) monitors the status of high-profile corruption investigations and disseminates anticorruption information and material.
- Promoting ethics among college and high-school students by sponsoring the second PIF (Panama's International Forum - [www.panamainternationalforum.org](http://www.panamainternationalforum.org)). In the framework of this event, the Program offered an introductory presentation on the costs of corruption.
- Encouraging FETV, a local TV network, to broadcast film vignettes that depict the causes and consequences of corruption in daily life.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other Sub-IRs where its contributions are expected to have the most impact.

## **EL SALVADOR**

### **Sub IR 1.1: Improved Transparency and Efficiency of Judicial Processes**

- Provide technical assistance to hire an international consultant to design practical modules for the Judicial Training School to improve the professional knowledge of magistrates, judges, personnel of the judicial sector in application of justice management in the area of Judicial Ethics, Transparency and the Inter-American Convention against Corruption (ICAC).
- Technical assistance to design a Transparency Indicators System for the Judicial Sector to obtain a base-line to identify areas lacking transparency and efficiency.
- Produced a document summarizing the effort of dissemination of the ICAC among justice operators, carried-out in June with the cooperation of the Due Process of Law Foundation of Washington DC and Probidad.

### **Sub IR 2.2 Increased Devolution of Responsibilities and Resources to the Local Level Resulting in Greater Responsiveness by Local Governments to Citizens Needs**

- Hired Dr. Rommel Sandoval, local consultant for the design of a proposal for “Local Development Financing through Municipal Property Tax” to assist CONADEL, under the coordination of RECODEL, and held several meetings to discuss this initiative with various local and international partners of the Advocacy Group.
- The preparation of the Instrument of Self-Assessment for Municipal Management is about to conclude and will include management indicators that will allow measuring the degree of efficiency and municipal governance.
- Held two meetings with RECODEL to discuss the re-adaptation of institutional mission to support public policies related to the Social Fund Investment for Local Development, and review the promotion and further efforts to support local development in El Salvador.
- Close coordination with CONADEL to identify areas of cooperation to strengthen the National Agenda of Local Development.
- Held workshops, and meetings with various institutions to review the Rapid Assessment of Municipal Transparency System, as well as visited various municipalities to get the vision of the local government, civil society participation and transparency processes.
- Completion of data gathering, interpretation, analysis and preparation of the report of findings identifying the various mechanisms and tools of citizen participation being implemented at the local level.

- First validation workshop and feedback with various institutions such as UNDP, GTZ, FISDL, ISDEM, FUNDE, PROBIDAD, ISD, Court of Accounts, Democratic Governance Office<sup>1</sup> and the Presidential Technical Secretary (STP) to assure the objectivity, quality and contribution of local development actors.
- Provided technical support to COMURES resulting in a preparation of a project proposal, identifying areas of cooperation based in the strengthening and implementation of the new reforms to the legal municipal framework related to ethics, transparency and accountability of municipal management.

### **Sub IR 2.3: More Opportunities for Citizen Participation in and Oversight of National and Local Government Decision-Making**

- Four proposals for small grants were submitted to USAID for approval, among those were: Strengthening of institutional capacities to apply the municipal code reforms oriented to transparency (FUNDE), Participative, documented and transparent construction of the first gender sensitive budget of the Office of Public Defender (OEF); Municipalities on-line with transparency (ISD) and Improvement of accountability in the public sector of El Salvador (UCA).
- Three proposals under revision: Survey to measure the perception of transparency in El Salvador from the perspective of public officials (IUDOP); Support program for the application of Government Ethics Law (FESPAD) and Social Auditing to the model of management and provision of the solidarity health fund program (FUMA).
- Presentation of the Inter-American Convention against Corruption (ICAC), to Legal Studies Department and Executive Board of FUSADES on aspects such as the initiatives promoted by the Salvadoran State on fulfillment of the ICAC, challenges for its implementation and opportunities of participation and incidence for civil society.
- Arrangements made for 17 participants at the TI 12th Anticorruption World Conference in Guatemala. Among the participants are representatives of civil society, the Governmental Ethics Tribunal, the Ethics Commission of the National Assembly and the TAG technical team.
- Held meetings with civil society representatives to further discuss the initiative of coalition building to address the issues of corruption, transparency, access to information and accountability and produced a proposal that includes training, technical assistance and fund raising, currently for approval by USAID.
- Taking the advantage of the presence in the country of representatives of the Municipal Government of Mexico City, a meeting to listen and evaluate the Mexican Experience on Citizen Oversight and Watchdog was held.

#### **Sub IR 2.4: Accountability of Elected and Appointed Officials Improved**

- The Rapid Assessment on Internal Control at the Public Defender's Office was reviewed by the TAG technical team and the Strategic and Organizational Planning Unit of this institution, to identify some possible areas and tasks in which the institution can introduce improvements of transparency and the program can provide technical assistance.
- With the support of the Public Affairs Office of the US Embassy, and USAID, the Program supported the realization of an Ethics Values Week under an alliance with two prestigious local organizations, FUSADES and FUNDE. For this purpose the TAG brought to the country two high level experts in ethics from Colombia. During the week, a series of workshops, trainings, conferences and radio and television programs were organized to bring-to-light the importance of ethics in all arenas of the Salvadoran society.
- The Program signed a Letter of Understanding with the Commissioner for the Defense of Consumers, for the design, elaboration and implementation of the Letters of Rights (*Cartas de Derecho*) for public services users and to be implemented at 10 public institutions, such as hospitals, municipalities and others.
- Representatives of the TAG Program participated in the 5th Latin-American Forum of Government Agencies for Consumer Protection that aimed for the harmonization of policies and actions, as well as the development of joint projects at the regional level in the consumer's protection area. The event was inaugurated by the President of the Republic, Mr. Elías Antonio Saca.
- Held meetings with the Governmental Ethics Tribunal to brainstorm in the various aspects where technical assistance can be provided. Among these activities are the organization in the Governmental Ethics Office, the Regulations of the Ethics Law, preparation of a Strategic Annual Work Plan, development of an Ethics Law Training Program, acquisition of software and hardware, and citizen participation.
- PMP of USAID received and M&E Plan in process of formulation.

## **GUATEMALA**

### **Introduction**

This quarterly report covering the period from July 1 through September 30, 2006 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**

Towards the end of this fiscal year, the T/AC Program has managed to achieve important results. Even though at the beginning of the Program, there was an uncertainty of how to cope with the trust funds and the political clientelism of social programs in Guatemala, the Program has achieved a good understanding of these issues. Interventions in the PACUR redesign and discretionary spending assessment have made GOG and civil society organizations acknowledge the actions necessary to tackle corruption in this area.

After trying to work with the GOG on a National Anti-corruption Strategy for more than a year, the GOG officially presented in August 2006 a national anticorruption/transparency strategy, discussed in a short but very intensive period. The Governmental Transparency Action Plan was completed through the Transparency and Social Audit Dialogue Table, where civil society representatives participated along with participants from other State institutions. The Transparency Action Plan is fully consistent with the IACC Committee of Experts' Recommendations, and is also associated with discretionary spending on social funds managing, GOG procurement processes, GOG access to information, and transparency legal reforms. Up to now, there is an agreed-upon agenda to that the GOG and civil society representatives can use to monitor progress.

The T/AC Program also provided continuous support in the organization of the 12<sup>th</sup> IACC in Guatemala in November 2006 by having hiring a consultant to take care of the logistical matters and by providing technical assistance in organizing workshops and by coordinating international cooperation..

The Judiciary and the Supreme Court of Justice has also received support from the T/AC Program and has a strategy and a work plan to implement the IACC commitments within the area of responsibility of the judicial branch. The Legislative branch is getting

support to put into practice different mechanisms and tools to promote access to information, such as the activity for the Congressional website, new website modules and an information booth.

The Good Governance Forum held in Mexico in November 2005 provided the GOG and COPRE a good experience to follow up on lessons learned. This forum was replicated in Guatemala in August 2006 and the GOG institutions are planning on putting the Mexican experience into operation in order to achieve greater transparency within the institutions. Specific topics have been chosen as the e-government practices, citizen charters, delegislation / simplification process, public officers training.

The Program developed the Social Audit Competitive Fund designed to attain quantitative and qualitative improvements in the participation of civil society organizations in the oversight of how the GOG manages public resources and affairs and to promote public policy reform resulting from social audits. As a result of this process, the T/AC Program has granted six small grant funds. Organizations awarded range in topics, from gender, ethnicity and group associations.

Also, with T/AC Program financing, there are 7 other grants to civil society organizations, including one to the social audit and monitoring report of the GOG Reconstruction Program after the Stan Storm disaster. The organizations ranged from well known civil society organizations to the private sector, media and CSO alliances such as Mirador Electoral and Coalicion por la Transparencia.

The T/AC Program devoted significant time and effort to the implementation of the Social Audit Competitive Fund and the review of activity proposals coming from key actors in the public sector, civil society, the media and the private sector. As a result, several activities from the Government and civil society organizations are in process.

As 2007 is an electoral year in Guatemala, the Program has started to encourage some transparency activities within this field. The Mirador Electoral grant and the participation of several representatives in the Political Finance Conference in Nicaragua are good examples of how the Program is working on this topic.

USAID, with T/AC Program support, continues leading the “Donors Table” among bilateral donors and international agencies to share information and to coordinate efforts in areas of common interest as well as to promote a transparency agenda.

## **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***

As previously reported, the limited and weak features of the Office of the Presidential Commissioner for Transparency and Anti-corruption resulted in a lack of significant progress in the development and implementation of a national anti-corruption strategy, and the T/AC Program explored alternative opportunities within the GOG to promote the

development of a plan. As a result, the Presidency Manager Roberto Gonzalez Diaz Duran became the new GOG actor leading the Transparency and Social Audit Dialogue Table (TSADT), where civil society organizations and other public institutions took part.

On August 18, 2006, after three months of intensive work, the TSADT participants together with the Presidency Manager presented the “GOG Transparency Action Plan” and the “Proposed Actions by the Transparency and Social Audit Dialogue Table”. This presentation was made to the three Presidents of the State Branches (Executive, Legislative, Judiciary), the GOG Vice-president Eduardo Stein, the Human Rights Ombudsman representative, the Guatemalan 1992 Nobel Prize Rigoberta Menchú and to main church leaders.

The Governmental Transparency Action Plan is developed based on four strategies: 1) prevention, 2) institutional strengthening, 3) control, 4) sanction. Preventive actions refer mainly to those policies and activities related to free access to information, conflict of interest policy implementation, and the social audit activities of the government’s performance that lead to a reduction in the discretionary use and management of public funds.

Institutional strengthening is also fundamental to being successful in the actions proposed, which includes dissemination of information, training of public officers, and new funds to implement the actions. In this strategy, the plan also contains actions to improve and consolidate different tools through e-government that may allow the monitoring of acquisitions, contracts, accounting, expenditures, etc.

Control or oversight mechanisms and tools brought together to sanction policies and regulations should also ensure the fulfillment of the strategies put in place by the Governmental Transparency Action Plan. Apart from what the oversight institutions should be doing, the GOG plans to share the information by putting accountability reports into practice, as well as by pushing for corrective actions when the regulations fail.

The Inter American Convention against Corruption (IACC), the OAS Committee of Experts’ Recommendations, plus the United Nations Convention against Corruption (UNCAC) already ratified by the National Congress, are State commitments. Many of the actions planned will serve to implement these recommendations. The GOG is also planning to develop a communication strategy that helps monitor, disseminate and render information on what is being accomplished during the six months of implementation of the plan.

The T/AC Program supported several workshops that produced the two documents mentioned and continues to provide technical assistance towards the implementation of the 30, 60, 180-day Transparency Action Plan. During this quarter, the T/AC Program Technical Committee approved three consultancies, office equipment, and the Transparency Action Plan printings fully consistent with the GOG Transparency Action Plan.

The GOG 30-day Transparency Action Plan Implementation Accountability Report informed of the progress the GOG achieved during this period. The actions reached are linked to access to information and social auditing:

1. Proposals related to social and trust funds. Include a regulation within the 2007 Budget Law, which would obligate the trust fund users to report on its execution and management through the e-government system called SICOIN (Sistema de Contabilidad Integrado), and present monthly financial reports of its operation.

The GOG already has a proposal for a Trust Fund Law that will regulate the management and use of GOG trust funds in order to get more transparency and control over its use. This proposal has been sent to the Presidential General Secretariat for its review prior to being sent to the National Congress for its passing.

2. The GOG is also preparing a transparency internet website that will show management information related to social and trust funds in Guatemala.
3. The 2006 Budget Law ordered the use of the Guatecompras procurement e-system when spending State funds. In addition, the 2007 Budget Law proposal sent already to the National Congress for its approval included another regulation using the SICOIN e-system, especially the funds being administrated by the international NGOs, national NGOs, or any other organization managing GOG funds.
4. Reforms to the Procurement Law. The reforms prepared suggest changes in time when presenting quotes in order to encourage competitiveness. Another reform suggests that the terms of reference of any procurement process won't be changed once the different offers have been delivered.
5. Reforms to the Access to Information Presidential Decree has been set up and contain amendments to shorten the time for delivering the information, application of sanctions when the information is not provided and standardization of the accountability reports of the public officers. The accountability reports will include public officers that manage the social and trust funds, and the governors of each department.
6. The SIGOB, the Follow up to GOG goals mechanism, is being updated, as well as any other internet or e-government tool that could facilitate the information.

The T/AC Program assisted the GOG in the preparation of these reforms through the hiring of national and international consultants.

Likewise, the T/AC Program continues providing support to the Office of the Presidential Commissioner for Transparency and Anti-corruption in the organization of the 12<sup>th</sup> International Anti-Corruption Conference (12 IACC). The consultant hired in 2005 by the T/AC Program is still involved in the logistics and has been a key person in the progress achieved of the private company that is in charge of the logistical organization during the Conference.

- The T/AC Program supported the dissemination of information related to the 12 IACC (such as posters and trifoliar prints).. Also, the Program plans on sponsoring 30 local participants during the 12 IACC, and has made reservations for this. The participants will be mainly civil society representatives, particularly the NGOs that have been awarded a grant by the Program.

At the request of the Transparency Presidential Commissioner, the Program supported several meetings between the Honduras Transparency Commission and the GOG Guatemalan Transparency Commission. From Honduras, there were four participants from the civil society sector that came to share experiences and lessons learned on how the GOG Transparency Presidential Commissioner works with civil society organizations. The Honduras delegation had the chance to interview different groups such as civil society organizations, international cooperation donors table members, the media and private sector.

The Program is also providing assistance with the GOG Transparency Agenda through other Executive Branch institutions. The Program continues collaborating with the Post-Stan Storm Reconstruction Program and providing ongoing support, as explained in the following LLR's.

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

On September 26, the civil society group lead by Accion Ciudadana, the local TI chapter, held a press conference presenting the monitoring report of the IACC / OAS Committee of Experts Recommendations which was given a year ago to the State of Guatemala. According to the civil society group report, of the thirty one recommendations, three of them were fully accomplished, nine of them are in the process of being accomplished, and nineteen were not fulfilled.

During this year, the recommendation regarding the Office of the Comptroller General's publishing its Ethics Code was fulfilled. Also, some regulations to improve the use of the Guatecompras were approved, as was the elimination of some articles in the Penal Code. The civil society monitoring group also reported that the National Congress failed to approve several laws or law reforms.

As mentioned in previous quarterly reports, the Program made an agreement with Accion Ciudadana (AC) to develop the Guatemala baseline for the map of indicators that will track Government compliance with IACC commitments. This was done through a grant to AC known as the "Promoting Transparency II" grant.. Similarly, AC also developed a methodology containing qualitative and quantitative indicators that will assist in measuring the progress of free access to information in the country.

Guatemala baselines for both indicators are still being developed with the support of international consultants, the Transparency Presidential Commissioner, and civil society volunteers. The map of indicators tracking the Government's compliance with IACC is

based on different questionnaires and analyses done by experts and government institutions. The survey on free access to information is also being created by soliciting information from different State and Government institutions. These measuring practices have been rated as pioneering and innovative by Transparency International associates, and Guatemala baselines results will be presented during the 12 IACC in November 2006 through the different workshops planned.

Even though the Program Technical Committee received a request from FOSS for advocating passage of the Access to Information law through a workshop done during the last quarter, the FOSS organization informed the Program that the workshop agenda was arranged jointly with the President of the Congressional Commission in charge. Up to now, the Program has not received any formal request from the President of the Congressional Commission as agreed but it is expected that the workshop could take place soon.

As a result of the Letter of Understanding signed between the Judiciary and USAID, the T/AC Program provided support to the Supreme Court of Justice to develop a strategy and a work plan to implement IACC commitments within the area of responsibility of the judicial branch. During this quarter USAID officially presented the Strategic Plan to the President of the Supreme Court and Supreme Court Magistrates. After its first review, the Supreme Court Magistrates requested a videoconference with the Ecuadorian organization CLD to better understand the plan before its approval. The videoconference took place in September and it is expected that the Strategic Plan will be approved after the new President of the Supreme Court has been elected in October 2006.

Also, in September, under the coordination of the Panama Transparency Program, a videoconference on the United Nations Convention Against Corruption (UNCAC) took place. Senior officers from the United Nations gave their opinions on its content and answered relevant questions. The T/AC Program together with Rafael Landivar University invited several officers from the Government, Judiciary, Public Ministry and District Attorney's Office, oversight institutions, the Transparency Presidential Commissioner, USAID, civil society organizations, private sector organizations, the media, and academic sector to attend this videoconference. Around 30 Guatemalan participants attended among others from Dominican Republic, Mexico, Nicaragua, Panama, El Salvador and Honduras.

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

Through the Fundacion DESC/Accion Ciudadana grant awarded by the Program, results of the research study on discretionary spending was made public.. The media coverage of the results of this study, and the research dissemination undoubtedly helped the general public to better understand the issues associated with politicized social funds and discretionary spending. The opportunities for open corruption associated with these funds were



UNCAC Videoconference

largely discussed during the Transparency and Social Audit Dialogue Table. Many recommendations and actions included in the Governmental Transparency Action Plan come as a result of this study. Even though many people don't seem to be convinced of this, many steps to combat corruption are taking place and some other reforms are being analyzed to cut the discretionary use of funds.

Even though the Program work plan included activities to improve the budget transparency index, the organization Centro de Investigaciones Economicas Nacional – CIEN – submitted a project proposal late this quarter due to lack of time. This proposal included high-level personnel changes in different institutions. (Secretaria de Planificacion y Programacion de la Presidencia and the Ministerio de Finanzas Publicas). The next Budget Transparency Index is planned to be developed next year, and the project proposal submitted has included activities that will advance promote advancement of the index even before the new 2007 index is designed. The Program's Technical Committee is to review it before its approval.

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

The Stan Storm in October 2005 opened a window of opportunity for the T/AC Program to provide technical support in the development of a GOG Transparency Plan for the Stan Reconstruction Program. As a result of the weak response from the Office of the Presidential Commissioner for Transparency, the Program encouraged the Vice-President Manager Office, (the person in charge of the GOG Reconstruction Program) to determine its needs and to request technical assistance to fulfill accountability reports and develop a system for gathering requests for information and citizens' complaints through a call center.

The strategy plan laid out by the consultant suggested that the Vice-President Management Office was to perform some preliminary work before a two week visit from the consultant to train and finish discussing the final details. Since the preliminary work was yet to be completed, the consultant had to take time from his visit to finish this work. During his visit, public institutions confirmed their will to carry out the call center that would provide information and/or collect complaints as well as provide the information gathered through its experience during the reconstruction process. The consultant provided the Vice-president Manager Office with enough guidance, different manuals and an action plan to implement the call center.

It is expected that the consultant will travel again to finish training different public officers and conclude the consultancy with accountability issues. The next visit will be according to the progress of the action plan laid out.

As mentioned in the last report, the Secretaria de Obras Sociales de la Esposa del Presidente (SOSEP) requested assistance from the T/AC to implement a system that would assist in making the Social Service and Donations Program that the institution manages more transparent. The Program Technical Committee has approved this

request and is waiting for SOSEP to finish the paper work in order to purchase the system.

The Instituto Guatemalteco de Seguridad Social (IGSS) also requested assistance to design a Transparency Plan within the institution. After the Program's Technical Committee reviewed the terms of reference and requested further information, no new version was received from the institution during this quarter.

The T/AC Program continued dialogue with the Comisión Presidencial para la Modernización y Descentralización del Estado (COPRE) to organize a follow-up conference to the Good Governance Forum that took place in Mexico in November, 2005. As a result, COPRE and the T/AC Program officers traveled to Mexico in July and made arrangements with the Mexican Government officers from the Secretaria de la Funcion Publica for the Good Governance Forum in Guatemala.

This Forum took place late August 2006 in a big GOG Cabinet Meeting directed by the President himself. COPRE determined that there were four areas of interest in which the Government of Mexico could support the GOG: 1) e-government, 2) delegislation and bureaucratic simplification, 3) citizen charters, 4) public officers' training. Six Mexican Officers were invited to show the progress that the Mexican Government implemented, and has promised to share software, methodologies, lessons learned, tools and mechanisms, videos and technical support to exchange and cross-fertilize the experience.

The GOG Cabinet Meeting was attended by the highest level officers of the Government and ended with the President's instruction to put into practice any transparency action learned through the explanations and presentation of the Mexican Sub-Secretary Jesus Mesta. In the days following, several workshops led by Mexican officers were organized for the Guatemalan public officers, in an attempt to have the GOG follow Mexico's example in the four topics mentioned.

The Good Governance Forum showed how the government can generate deep changes that allow it to promptly attend to the needs of society. A participatory government that consults society on their needs and priorities to turn them into government policies is often subject to accountability processes, honest use of resources, efficiency and quality of service. An audience of almost 200 members of the GOG participated during the forum.

Raúl Pichardo, Director of @Campus Mexico, made a presentation on the educational system placed in Mexico that seeks to educate all Mexican public employees. He presented the experiences of what has been done to serve the needs in each Mexican government institution participating in the Program. The main objective of @Campus Mexico is to contribute to the development of the Professional Public Function in America, placing at the disposition of all government employees a varied and adequate educational offer, in accordance to their needs.



Good Governance Forum, Guatemala

Raul Pichardo also talked about the importance of a Human Resources Inventory for sharing Mexico's experience with RUSP (Registro Único de Servidores Públicos) which is a subsystem that will operate a unique registry of public employees with systematized information on the employee's incorporation into the entity, development, training, certification, appraisal evaluation and separation of the public employees with careers.

Omar Maldonado, Deputy Director of Regulation Simplification of the Secretaría de la Función Pública, presented Mexico's experience on the subject of regulation simplification in order to create an exchange of information and ideas to make a harmonized decision to benefit the country in this particular matter. Mr. Maldonado shared Mexico's experience in the development of a regulatory simplification strategy, and how results can be seen from the beginning of its implementation. His presentation included a very useful instrument to implement the regulatory simplification strategy: "Normateca Federal", which is a website containing all regulations for the government institutions, allowing all government employees to search for the status of regulations, modifications and reforms through an agile process.

Because of the great utility of the Normateca within the secretariats, Mexico signed an agreement to institutionalize the tool and it is now an obligatory regulation. The Normateca promotes transparency and provides certainty to the public employee.

Francisco Mier, a process consultant from the Dirección General de Eficiencia Administrativa y Buen Gobierno, presented to the audience what the citizen charters consist of. He emphasized that it is important to break the paradigm of the distrustful citizen and fight for the people's wellbeing. The citizen charters are continuous improvement tools that establish an improvement program based on the needs and expectations of the citizen, implement quality measures, establish service standards, promote citizen participation and give transparency to the government management. The citizen charters are determined to strengthen the citizen's trust and credibility in the Public Administration, provide to the citizen a transparency tool that is added to the preventive efforts to fight corruption, and define, measure and make public the service standards of each procedure and high impact services provided by the Government.

After the presentations, the Good Governance Forum generated the following conclusions:

- A clear intention from both countries to cooperate on the Good Governance policy, therefore the communication and coordination from here on will be the main priority.
- Guatemala and Mexico share government features and cultures, which allows for the delivery of good practices, methods and information technologies.
- Both countries have as main priority for their governments, to achieve efficiency and administrative quality within their institutions to provide better services to citizens.
- The social participation through communication strategies is one of the most important requirements to achieving the Good Government objective.

- Guatemala is grateful and accepts with great interest, the knowledge, technology and methods that the Mexican Government can transfer, as well as the technical support that can be provided.

The T/AC Program provided support for these successful activities. In addition, COPRE has prepared a One Year Action Plan to be executed during the following months.

Some activities indicated in the work plan were not fully accomplished during the present year due to the low capacity of presenting project proposals. The Program had to provide technical assistance and train public officers on how to present project proposals. After a long process, COPRE presented two requests that were approved: lobby a new procurement law proposal and make two diagnoses of bureaucratic simplification processes. On the first request, COPRE went into a political debate with the Presidency Manager who was leading the Transparency and Social Audit Dialogue Table, which made it impossible to lobby the new procurement law proposal that COPRE had put into discussion among public institutions, and the activity was not carried out. As for the second request, COPRE has decided to work towards the Mexican experience and their lessons learned instead of bringing consultants to make diagnoses or assessments.

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

The results of the Good Governance Forum mentioned above are closely related to this LLR. The implementation of practices and mechanisms such as the citizen charters, e-government systems, deregulation, or public officers training anticipate a reduction in petty corruption and the simplification of bureaucratic procedures.

During this quarter, an officer from the Organization of American States (OAS) visited the country after the success of the basic training course on E-government. COPRE, a former coordinating institution, is interested in promoting a new course and a special edition for Guatemala, with the T/AC Program support. During the following quarter, COPRE will make plans concerning this.



Best Practices and Experiences of Social Auditing Workshop

Accion Ciudadana, AC, publicly presented on July 12 the corruption perception and experience index (IPEC) survey that was previously developed. The IPEC survey showed that the public services with more corruption experiences are the ones related to the Municipal Traffic Police, Customs, the National Police, Municipalities and the Municipalities Water Service. Guatemala's IPEC General Index was 11.43 in 2006

### **LLR 2.1.6: Key oversight agencies strengthened**

During the last reporting period, the T/AC Program approved requests related to the priorities of the Legislative Branch for 2006: to own and manage the copyrights of the website software and to set up a booth where congressional information can be provided to citizens.

After the Program contracted an IT specialist to provide technical assistance during the negotiation, the Program has issued the purchase order for the equipment and other interactive modules that are being developed to be part of the Congressional website in order to provide better and more information to the citizens. The server to manage the website software is under the USAID clearance process, prior to being delivered to the National Congress.

The Citizen Booth Project was also approved by the Program's Technical Committee, but the National Congress decided to place it in a different location from what was originally planned, so the project is being revised to ensure that all regulations are being met.

After the T/AC Program approached Congressional Commissions such as the Probity and Transparency, the Congress Transparency Commission requested support to discuss an Action Plan for the Office of the Comptroller General (OCG). This Action Plan would be based on the results of the OCG diagnosis conducted by Coalicion por la Transparencia. But, since a new Comptroller General has been appointed, the Congress Transparency Commission is discussing the next steps.

With regards to the OCG and the newly elected Comptroller General, the T/AC Program sees a new opportunity. The lack of political will of the former Comptroller General made it impossible for the T/AC Program to work on the Probity Directorship of the OCG. Up until the end of this reporting period, the newly appointed Comptroller General was not officially sworn in. The T/AC Program will try again to play a role in the implementation of the recommendations of the assessment made by Accion Ciudadana and Coalicion por la Transparencia, and will coordinate with UNDP and other actors in order to provide technical assistance to the Probity Directorship of the OCG.

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

As a result of different discussions on a social auditing manual, the T/AC Program organized and carried out a workshop on August 29<sup>th</sup> to deliver to civil society groups a document containing a list of organizations working on social auditing. This list was produced during a previous workshop by a former transparency program. It is expected that the national and international social auditing experiences and lessons learned will be shared with others.

## **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***

During the social auditing workshop mentioned above, national and international experiences in social auditing were presented. Two international consultants did presentations on the best Latin American and Mexican experiences, and local NGO directors were invited to share their lessons learned.

Different discussion tables were put together, and were concluded with similar recommendations. Some of these are:

- Communication among different actors and civil society strengthening are keys to showing the national and local governments that they look forward to gaining transparency.
- Promoting and strengthening organizational networks could be helpful for making decisions.
- Strategies to provide education on corruption, to identify key actors, to define follow-up mechanisms, to take advantage of international conventions approved and to promote intolerance for corruption
- Seek out and study new ways for civil society organizations' sustainability.

Also, during this quarter the T/AC Program finished the Competitive Fund for Social Auditing, aimed at improving and increasing the participation of civil society organizations (CSO) in overseeing how the GOG manages public affairs. Six grant agreements were signed for this purpose. The T/AC Program continued receiving project proposals and awarded two more grants, to Fundacion DESC and Mirador Electoral, making a total of 7 grants awarded plus the six small competitive fund awards. To ease the management of these grants, the T/AC Program is dedicating one full week per month to meet with all the grantees, to have discussions and to follow up on their work.



Competitive Fund for Social Auditing signing ceremony

Two months after having signed the six small grants, the T/AC Program can say that even though much money hasn't been disbursed there are important results to report. CODEFEM, after several conversations with public officers, is getting important reports on the gender budget indicators. NALEB has prepared the budget monitoring report that will be presented at the Indigenous National Congress Commission and will prepare presentations in the inner towns of the country. COVAPAZ has designed a guide of the different articles/principles that should be contained in the Social Audit Law proposal. Coordinadora Juvenil Comalapa is promoting citizen participation in the 2007 Budget execution of its local government and is promoting accountability reports from

the local government authority. ASECSA and Reed Dos Mil are a little behind in their schedule of activities but they are working hard to achieve results on time.

Coalición por la Transparencia was monitoring the election process of the new Comptroller General to take place in October 2006, but unexpectedly and very suddenly the National Congress appointed the new Comptroller General. During the first weeks, the Coalition issued press releases expressing the importance of the Office of the Comptroller General, its role as a key oversight institution, the problems of timing for the coming election of the new Comptroller General, and the risk areas of the institution. Now, that the Comptroller General has been elected, the Coalition will try to continue its activities directly with him.

The grant awarded to Acción Ciudadana aimed at promoting IACC implementation, new methodologies and indices is underway and Guatemala baselines are being created for the access to information index and for the IACC map showing the degree of compliance.

With T/AC Program financing, Accion Ciudadana continues with social auditing activities related to the GOG Reconstruction Program. After AC has taken steps to establish contacts and a network of partners to implement social auditing and monitoring of the reconstruction in the three Departments (San Marcos, Quetzaltenango, Sololá) and twenty Municipalities, they are now very involved in getting results from their social auditing and accountability training.

During this quarter, a Social Audit Departamental Report was presented in Quetzaltenango. The report focused on the lateness of the GOG housing program and the good progress on roads communications. Accion Ciudadana also commented to the T/AC Program on the weaknesses of the civil society organizations in reporting, the low education capacity of its members and the lack of will of some local governments' authorities being accountable.

Under a new grant Fundacion DESC will monitor the Fertilizer Program, a GOG program accused of political clientelism. During this quarter, the collection of information has been the main activity, through different interviews to the peasants and public officers in the departments of San Marcos and Huehuetenango. Next quarter, Fundacion DESC plans to analyze the information gathered to make conclusions and provide recommendations.



Social Audit Report in Quetzaltenango

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

As mentioned before, the T/AC Program also awarded an unsolicited proposal from Centro para la Acción de la Responsabilidad Social Empresarial (CentraRSE) to design

a Guide on how to develop a code of ethics, as well as to implement three sectoral Ethic Codes for the private sector. The design was completed during this quarter and is being reviewed before being printed. After the public launching of this guide, CentraRSE has training sessions planned with different sectors and private enterprises.

CentraRSE has also had dialogue with different sectors to begin drafting the three sectoral ethics codes. The first sector to accept carrying out the activity was the Chamber of Construction, Asociacion Gremial del Empresariado Rural (AGER) came second, and after several meetings the Chamber of Industry became the third sector to discuss an ethic code.

It is expected that after ten different sessions, with the aid of the “leader group” from the sectors involved, and some consultants guiding the design process, the three different sectors can implement the sectoral ethics code. The three sectors will have a six week phase in its starting process to share experiences and lessons learned.

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

The first activity presented by El Periodico consists of an open essay contest on the prevention and penalization of corruption in the public sector. The essay contest was put together with support from the UNDP Civil Society Program, Transparency International, Accion Ciudadana as the local TI Chapter, El Periodico and the USAID Transparency and Anti-corruption Program. Sixteen essays were acknowledged and studied by the Jury integrated by representatives from Accion Ciudadana, el Periodico, Fundacion DESC and the US Embassy.

The citizen journalism project presented by the newspaper elPeriodico was launched during this quarter to promote the active participation of the public at large in denouncing corruption cases as well as in writing articles and/or comments on transparency and anti-corruption issues. The weekly editions have improved since the first one, even though denouncing corruption cases is not part of the Guatemalan culture yet. The final selection was announced during the quarter and published and distributed by el Periodico newspaper edition in September. On August 24<sup>th</sup>, elPeriodico organized a meeting to announce the final winners; first prize went to Alan Gerardo Barrera Sosa, second prize to Pablo Josue Estrada Letona, and third prize to Nancy Fabiola Quixtan Hernandez. A month later, on August 29, the essay winner was published in a regular Sunday edition of the paper and he received his prize as well as public recognition of his work.



Public launching of the Guide.

## **SUB IR 2.4: Accountability of elected and appointed officials approved**

### ***LLR 2.4.1: Political Party and elected leaders accountability improved***

The Nicaragua Transparency and Anticorruption Program (as part of the CAM Program) and IFES prepared a regional political party finance conference. IFES worked with local NGOs Etica y Transparencia, Hagamos Democracia, Fundemos, the Chamorro Foundation, IPADE and other local CSOs to build a Nicaraguan coalition on campaign financing. Guatemala T/AC Program attended the conference with a Guatemalan delegation.

From July 27 through July 28, 2006 the Political Party Finance Conference took place in Managua, Nicaragua. The Program invited a total of 6 representatives that included people from the Supreme Electoral Court, civil society, and representatives of different political parties like the Frente Republicano Guatemalteco (FRG), Gran Alianza Nacional (GANAN), Unidad Nacional de la Esperanza (UNE), Partido de Avanzada Nacional (PAN).

The conference included presentations on several topics, such as transparency in political financing, public financing vs. private financing, law compliance, regulations of the Supreme Electoral Council to the political party financing, political party perspectives, and case studies on political financing in Mexico, Chile and others.

In addition, a discussion panel took place on the first day where participants had the opportunity to debate how and when to include transparency to the law through public statements, how to create networks among political actors, political parties, civil society, and the media, etc.

This conference allowed the participants to share experiences and opinions and to expand their knowledge of regulations and specific laws in different countries regarding political financing. In addition, they had the opportunity to meet representatives of several organizations that work on transparency.

During this quarter, the T/AC Program awarded a three-month grant to Mirador Electoral, a civil society alliance linked to electoral subjects. Mirador Electoral will encourage the approval of the electoral law reforms. For this purpose, Mirador Electoral will meet with political party leaders, the Electoral Congressional Commission, the Electoral Supreme Court, and other important actors. This civil society alliance has planned to call for press conferences and issue different reports. The reforms have not been passed and there is a consensus that elections will be limited if they are not approved on time.

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

Since the election of the new Comptroller General, the T/AC Program has discovered a new opportunity to work with the Probity Directorship. The Program will coordinate with USAID on visit to the new Comptroller General to discuss the implementation of the

Probity Directorship Action Plan within the Office of the Comptroller General, already defined by the Coalicion por la Transparencia. The T/AC Program will also coordinate with Accion Ciudadana on some activities that may support the activities within this directorship.

➤ **List of In-Country Training Events**

<b>Activity</b>	<b>Objective</b>	<b>Participants</b>	<b>Date/Place</b>	<b>Comments</b>
1) "Good Governance Forum"	To train government employees on the different tools available that is being implemented by the Secretaria de Función Pública in México.	GoG representatives  <b>Female: 62</b> <b>Male: 152</b>	August 21-23, 2006. Intercontinental Hotel.	
2) "Videoconference: Implementation of the UNCAC commitments: The role of civil society"	Training to civil society members of the countries participating in UNCAC on the general aspects of this convention. Promote civil society's participation in the implementation of the UNCAC commitments.  To train civil society on the	Representatives of the Human Rights Presidential Commission, Presidential Commission for Transparency and Anti-Corruption, Office of the Comptroller General, Public Ministry.  <b>Female: 8</b> <b>Male: 12</b>	September 22, 2006. Rafael Landivar University.	

3) "Finance and Social Audit Workshop"	Program's financial and administrative requirements and expand their knowledge regarding social auditing.	ASECSA, CODEFEM, COVAPAZ, NALEB, Coordinadora Juvenil de Comalapa, Reed Dos mil, and COPDIGUA.  <b>Female: 2</b> <b>Male: 4</b>	July 26, 2006. Casa Ariana Hotel.	Yasha Mendizabal covered the financial and administrative section.
4) "Political Party Financing Conference"		Supreme Electoral Court, CSO: INCEP, Political parties: FRG, GANA, PAN, UNE.  <b>Female: 1</b> <b>Male: 6</b>	July 27-28, 2006. Intercontinental Metrocentro Hotel in Managua, Nicaragua.	
5) "Best Practices and Experiences in Social Auditing Workshop"	To expand awareness of the different financing mechanisms available for political parties in the region.  To train CSOs in the international and local experiences of social auditing.	ASECSA, CODEFEM, COVAPAZ, NALEB, Coordinadora Juvenil de Comalapa, Reed Dos mil, and COPDIGUA.  <b>Female: 25</b> <b>Male: 20</b>	August 29, 2006. Marriott Hotel.	Olga Nazario and Silvia Alonso from Mexico participated in this workshop.

## ii. Other activities:

### ➤ Donor coordination

The T/AC Program continues supporting the USAID initiative to organize a donor coordination group on the subject of transparency and anti-corruption. A monthly base meeting has been occurring plus extra meetings with specific invitees to become better informed of specific subjects. Donor's table participants have been discussing social auditing concepts, the election of the new Comptroller General, the organization of the 12 IACC, and a smaller donor group is coordinating support to the Office of the Comptroller General.

Several meetings outside of the monthly reunion have been scheduled during this quarter to coordinate support given to the 12 IACC workshops, and to acknowledge the office of the Comptroller General's Strengthening Plan by the Coalicion por la Transparencia.



Donor's meeting with Roberto Perez Rocha.

### ➤ Monitoring and Evaluation Plan and FY 2007 Work Plan

As required under the task order, the Program has to submit an annual report on the Monitoring and Evaluation Plan. The Program brought consultant Patricia Delaney to assist with the preparation of the country report. She gave her recommendations on how to design the annual report and how to implement a system to follow up on the indicators and activities.

She also gave a short training to the Program staff on how to record information on the M&E tracking sheet.

The T/AC Program also prepared and submitted the FY 2007 Workplan for Guatemala.

## iii. Achievements and Obstacles

During the last quarter of FY 2006, the T/AC Program made important progress towards the achievement of the established results. Key areas of progress can be summarized as follows:

### Achievements:

- Towards getting a national anticorruption/transparency strategy completed and implemented, the GOG has already presented its Transparency Action Plan fully consistent with the IACC Committee of Expert Recommendations. These areas are associated with discretionary spending on social funds managing, trust funds managing, GOG procurement processes, GOG access to information, and transparency legal reforms.

- The GOG launched a Transparency and Social Audit Dialogue Table with civil society organizations in which the participants discussed and agreed in short, medium and long term actions, with the T/AC Program's support. There is a consensus agenda to follow up with the GOG and civil society representatives.
- The LOU signed with the Judiciary and the Supreme Court of Justice has reached its main objective. The T/AC Program has provided support to develop a strategy and work plan to implement IACC commitments within the area of responsibility of the judicial branch. Corporación Latinoamericana para el Desarrollo has created the strategy and action plan, and the T/AC Program has already delivered a copy to Magistrate Gilberto Chacón Torrebiarte to be approved and implemented within the Judiciary.
- The Program also developed the Social Audit Competitive Fund that is designed to attain quantitative and qualitative improvements in the participation of civil society organizations in the oversight of how the GOG manages public resources and affairs and to promote public policy reform resulting from social audits. As a result of this process, the T/AC Program has granted six small funds. Organizations awarded range in topics, from gender, ethnicity and group associations. The total amount awarded is approx. \$ 99,611.
- With T/AC Program financing, Accion Ciudadana publicized its first social audit and monitoring report of the GOG Reconstruction Program. The Government representative attending the press conference placed special emphasis and attention on the recommendations given by AC and promised to fix GOG actions.

#### **Obstacles:**

- The lack of a technical expert as part of the Program's staff has resulted in an overload of work for the current staff and this had made it hard to continue achieving and accomplishing the results in a timely manner. In order to make the process of selecting a new expert open and transparent, the recruitment process has initiated by advertising this position vacancy, and will take even more of the staff's time.

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

#### **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***

- Continue supporting the Office of the Presidential Commissioner for Transparency and Anti-corruption's demands, especially in the organization of the 12 IACC.
- Discuss and coordinate efforts with the National Congress Transparency Commission, and with Coalicion por la Transparencia for the implementation of

recommendations made by the IACC Committee of Experts, particularly those involving the Probiity Directorship within the Office of the Comptroller General.

- Assist the Presidency Manager within the Office of the President in the implementation of a GOG Transparency Action Plan, and follow up on the results of the Transparency Dialogue Table.
- Continue to act as Secretariat for the recently formed Donor Coordination group on transparency and anti-corruption.

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

- Follow up on the baseline construction for the IACC compliance map of indicators as well as the free access to information index.
- Support a 12 IACC workshop that would discuss and launch the Guatemala baseline map of IACC indicators and access to information index, and its methodologies defined in the country.
- Coordinate with the Judiciary on the public launching of the IACC Strategic Plan along with the Supreme Court of Justice participation, and its implementation.

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

- Follow up on the CIEN project proposal to realize activities that may support the Transparency Budget Index improvement, and the elaboration of the new 2007 index.
- Follow up on the Accion Ciudadana work plan related to the monitoring of the PACUR recommendations to be put into effect, and the study entitled "Discretionary Spending, key actions to gaining transparency", in order to revamp the discretionary spending and opportunities for corruption associated with these funds.
- Support activities that can strengthen Guatecompras' weaknesses.
- Encourage activities that may lead to understanding the budget management and execution.

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

- Follow up with COPRE on sharing Mexico's experiences and lessons learned, resulting from the Good Governance Forum.

- Follow up on bringing an international consultant to aid in the Reconstruction Program by implementing the Information System and/ or an Accountability Plan.
- Support workshops during the 12 IACC that provide information and debates on the trust funds and political clientelism in Guatemala.
- Follow up on the SOSEP and IGSS request for assistance.
- Continue to work with COPRE on the implementation plan in the four areas: e-government, citizen charters, public officers' training, delegislation/simplification procedures.

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

- Coordinate with COPRE to launch a special course on e-government.
- Encourage the implementation of different mechanisms to reduce petty corruption such as citizen charters, integrity pacts, and awareness campaigns.

***LLR 2.1.6: Key oversight agencies strengthened***

- Continue coordinating with the National Congress on the establishment of the Citizens' Information Booth.
- Continue supporting the National Congress on the access to information tool /website improvement.
- Coordinate with UNDP, Coalicion por la Transparencia and the Congressional Transparency Commission on implementing the recommendations from the action plan of the Probitiy Directorship within the Office of the Comptroller General.
- Continue providing technical assistance to the Judiciary, with CLD support, to develop a strategy aimed at pursuing compliance with the IACC.

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

- Upon request, coordinate activities with other USAID partners to deliver relevant documents on social auditing at the local level.

**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***

- Encourage the participation of civil society representatives during the 12 IACC.
- Follow up on the six grants awarded to small CSOs (from the approved Social Auditing Competitive Fund) engaged in oversight of how the GOG manages public affairs and resources.
- Follow up on the grant to Accion Ciudadana designed to monitor and conduct social audits of the GOG Reconstruction Program.
- Follow up on the 6 grants awarded to promote transparency activities.
- Plan and implement a “CSO Strengthening Action Plan” that can support its daily activities.
- Continue to review and analyze civil society activity proposals through the Program’s Technical Committee.

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

- Continue sharing information to support the Action Plan promoted by the American Chamber of Commerce (AMCHAM) in encouraging the adoption of the Commerce Good Governance Program of the US Department by the Guatemalan private sector.
- Follow up on start-up activities of the CentraRSE proposal to establish private sector social responsibility activities and Ethics Codes.
- Follow up on the training sessions on how to design a code of ethics guide.

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

- Follow up on the activities done with El Periodico in the areas of citizen journalism.
- Discuss and approve el Periodico’s communication plan to motivate citizens to denounce corruption accusations.
- Support an Investigative Journalism Workshop during the 12 IACC.

**SUB IR 2.4: Accountability of elected and appointed officials approved**

***LLR 2.4.1: Political Party and elected leaders accountability improved.***

- Follow up on the “Mirador Electoral” award in order to get the objectives set.

- Invite the Guatemalan Delegation participants of the Political Finance Conference to discuss possible areas of support.
- Continue coordinating with the OAS Electoral Program on identifying specific needs to support the TSE.

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

- Coordinate with USAID, the Transparency Congressional Commission, Coalicion por la Transparencia and other donor agencies on the activities aimed at improving the operation of the Probity Directorship Action Plan of the Office of the Comptroller General.

**II. Administrative Update**

**i. Grants**

- Reviewed financial reports from grantees
- Conducted on-site visits to grantees and observed grantee activities in the field.
- Provided monetary advances to grantees in accordance with approved timetables

**ii. Staffing**

- Held regular staff meetings to discuss and follow different issues
- Followed up on staff contracts and performance evaluations

**iii. DEC**

One copy of the previous quarter's performance report was submitted during this period.

## NICARAGUA

### Introduction

This quarterly report covering the period of July 1 through September 30, 2006 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order 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 by the Transparency Program/Nicaragua (the Program) 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

One of the Program's targets is to assist the Government of Nicaragua (GON) in adopting a National Anti-Corruption/Transparency Strategy. The GON, which just recently completed a draft of the strategy, submitted this document to various donors for a round of consultations. The Program participated in one of the discussions organized by the Communication Directorate of the Presidency on the National Anti-Corruption Strategy.

The Program provided extensive comments and suggestions to the strategy. While the strategy has some valuable elements, such as a comprehensive inventory of anti-corruption laws and a valuable analysis of the role of government institutions with regards to transparency and anti-corruption, the overall strategy lacks key elements. For example, it does not depart from a coherent diagnosis of the problem; it is superficial in its analysis and approach of major issues and does not provide a vision to the future. The Director of the Communication Directorate thanked the Program for its candid and useful comments. The Program committed itself to share its comments of the Strategy to a group of donors in their next meeting, which will be held on October.

##### *Good Governance Practices*

To continue to promote and apply good governance best practices from other countries, and in the spirit of mainstreaming anti-corruption across sectors, the Program has decided to send a delegation of 20 participants to attend Transparency International's 12 International Anti-Corruption Conference in Guatemala from Nov. 13-19. The group is composed of a variety of Program partners and counterparts representing a

multiplicity of areas (i.e., health, education, environment, and justice) and strategic sectors such as civil society, government, and private/businesses.

After the Conference, the delegation will be required to conduct a roundtable discussion to share best practices with those organizations that were not able to attend. This roundtable will enable the Program to multiply and maximize the results.

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

During the last quarters, the Program had provided a much focused technical support to the IACC Follow-Up Group and to the *Oficina de Ética Pública* (OEP). With support from the Program, some of the entities of the IACC Follow-up Group (*Asociación de Auditores Internos, CONADER, Probidad, AJALNIC* and *Ética y Transparencia*) produced an independent report, which was submitted to the Organization of American States' (OAS) Committee of Experts on July 17. The Program will be publishing the response and will be distributing them through the various events to be held from now until the end of the Program. Also with support from the Program, the OEP engaged the services of a consultant, Dr. Silvio Grijalva, to assist it in drafting the government's response on compliance to the IACC and submitted their response to the OAS on July 17 as well.

During this quarter, the Program intensified activities related to the IACC. The goal was to design a sustainable and innovative strategy to carry out-result oriented activities related to the IACC. For that, the Program has enlisted the help of renowned international IACC expert Miguel Peñailillo. His consultancy will have several phases and will require him to visit Nicaragua on different occasions.

During the first part of his consultancy, Mr. Peñailillo assisted the Program from August 31 through September 13. His primary objective during that first visit was to assist and motivate both the OEP and the IACC Follow-up Group to build and strengthen capacities to continue monitoring IACC compliance.

Mr. Peñailillo met individually with all counterparts. On September 12, a roundtable was held with over 15 representatives from the IACC Follow-up Group. The purpose of this roundtable was to exchange ideas and gauge support and suggestions for an IACC strategy supported by the Program. Representatives expressed their satisfaction with the event, in that it not only served to better understand the IACC and the opportunities its offered for civil society participation, but also to start using the IACC as a tool to promote a policy anti-corruption agenda. The participants were motivated to move forward with a strategy and committed themselves to contribute and provide inputs to the design and implementation of a strategy. Mr. Peñailillo will return once again in mid October and will follow-up with these organizations.



**Mr. Peñailillo (right) with Civil Society IACC-Follow Up Group**

Mr. Peñailillo also provided technical assistance to the OEP in the organization of a workshop with journalists on the IACC. The objective was to provide journalists, information, analysis and best practices on the IACC and to enable journalists to use this information to report on compliance with the IACC. Eight journalists, from television, radio and newspapers attended the workshop. Comments and evaluations from journalists afterwards confirmed that the workshop had high value for them, in that it helped them to improve reporting and analysis of issues related to the IACC. A key result of this activity was that it made the afternoon and evening news on Channel 2 and on Channel *100% Noticias*, including interviews of Mr. Peñailillo. One of the main newspapers, *La Prensa*, also had a one-page article about the event and the GON's lack of compliance with a majority of the recommendations made by the OAS to fulfill IACC commitments.

On September 11, the *Asociación de Auditores Internos de Nicaragua*, a member of the IACC Follow-up Group, with support from the Program, organized a conference held at the Universidad Hispano Americana (UHISPAM). The conference targeted students obtaining their bachelor degrees in the disciplines of business administration and accounting. The conference strived to alert students of the importance of the IACC and the need for compliance with all articles cited in the convention. Approximately 60 participants (mostly students and professors) attended, of which 25 were women and 35 were men. This event helped to expand the knowledge about the IACC to university students and professors, a target group that often is not aware of the existence of the IACC and its implications,

On September 22, the Transparency Program also participated in USAID/Panama's Transparency and Accountability videoconference event entitled "How to Promote United Nations' Convention against Corruption (UNCAC) Compliance: Civil Society's Role." This initiative organized by the Program's sister Program in Panama, provided a perfect venue to improve the knowledge and understanding of the UNCAC, as a complementary tool to the IACC and also to promote its compliance. The conference

was attended by nearly 50 participants from government and non-governmental organizations, including journalists, business sector and representatives from the Children's Government of the Municipality of *Nagarote*, one of the twenty (20) municipalities being targeted by the Program. Participants were very engaged in the videoconference and asked a number of important questions. The evaluations were overwhelmingly positive, particularly in relation to gaining new knowledge about the UNCAC and learning about its application and compliance in Nicaragua. There was intensive press coverage, including an interview with the Program Director aired on *100% Noticias*.



UNCAC's Videoconference participants in Managua

### *Access to Information*

The Program through its grant with the *Fundación Violeta Barrios de Chamorro* (FVBCh) has set up an observatory in the National Assembly to monitor the approval process of the Access to Public Information Law, currently under review in the National Assembly for 3 years. This observatory yielded first-hand information about the approval process and a technical-judicial evaluation document that was disseminated to civil society organizations and the media. The observatory also yielded monitoring information that showed when the proposed law would be placed on the Assembly's agenda to be discussed in its plenary sessions. During this reporting quarter, the discussion on the proposed law was placed on the agenda twice, but its discussion was postponed.

On July 16, a workshop to discuss and analyze the Access to Public Information Legislation with the Association of Librarians and Archivists was held. The workshop's objective was to get to know and value the level of archive organization and its contribution to the process of granting access to information. Most governmental files and records are not part of an integrated system and are often kept in storage boxes. To be able to contribute to the process of granting access to information, those files first have to be organized, labeled, systematized and digitalized.

The workshop allowed the Association of Librarians and Archivists to identify the major problems facing the gathering, and organizing of public records. Approximately 49 participants attended, of which 36 were women and 13 were male.

To increase knowledge and awareness of access to public information, during this quarter, the FVBCh also produced a comparative study on implementation agencies and their compliance regarding access to information legislation. The study's objective was to analyze the different models of implementation agencies in countries like Mexico, Ecuador, Peru, Canada, and Dominican Republic. This analysis sought to take lessons learned in those countries and apply the most feasible best practices in Nicaragua. The study allowed FVBCh to create a proposal of procedures to follow in case access to information was denied. This proposal was included as a key recommendation to the approval process currently in the National Assembly.

In addition, the FVBCh also conducted a study on Freedom of Information Legislation under the IACC. The objective of this study was to emphasize the importance for the Nicaraguan society of the commitments that the State has acquired when ratifying the convention. The document focuses on the voids and non-compliance of the recommendations of the OAS regarding access to information.

On September 28, the International Right to Know Day, the FVBCh held a forum called "Journalism and Access to Public Information Legislation." The forum's objective was to educate journalists on the value of having an access to public information law that is currently in the National Assembly awaiting approval. The forum helped galvanize support for the law among a key stakeholder group. Members of the National Association of Journalists, and well recognized journalists from television, newspapers and radio participated in the forum as speakers and panelists. 61 journalists participated, of which 33 were female and 28 were male.

#### *Voluntary Access to Information Strategy (EVA)*

During the past quarter, the FVBCh had conducted an evaluation session with journalists of the websites belonging to the eight participating institutions of EVA. From that evaluation a series of recommendations to increase website friendliness and information quality was submitted to the eight institutions. As a result of this document, two participating institutions (Ministry of Finance and Ministry of Transportation) agreed to incorporate these recommendations. The Program is monitoring implementation of these recommendations in the other six participating institutions.

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

On September 13, the Program signed a grant with the *Instituto de Estudios Estratégicos sobre Políticas Públicas* (IEEPP) for a 12-month project that will strive to promote social auditing of budgets and public policies at the national and local levels, in key sectors such as health, education, environment and defense. The primary result to be obtained from this initiative is an improvement in the sectoral social budgets' transparency, the budgets' management and execution, and their public policies.

Activities under this grant include but are not limited to: assessments on the social budget's public policy processes (description of public policies, their processes, management, and execution); three reports on sectoral social budgets; six case studies on social public policies; eleven citizen dialogue forums; and dissemination of information, both to the public and the media.

### *Budget Transparency in the Defense Sector*

On September 27, the Program met with IEEPP and Dr. Margaret Daily Hayes, an international expert on defense issues to begin brainstorming on another future initiative, linking transparency and defense issues. The Program and IEEPP agreed to meet again to start designing a feasible initiative for FY 2007.

#### 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*

Nicaragua, like many other countries around the world, suffers constant abuses from public officials when it comes to the provision of, and access to, public services. Often, citizens are not aware that they have the right to free public services and/or if not free that there are pre-established fees for those services. This lack of information and access to it only exacerbates public officials' demand for bribes.

One of the Program's key areas of focus is to launch an initiative aimed at reducing opportunities for petty corruption. To do so, the Program will identify two public entities in which bureaucratic simplification assessments (BSA) could help to generate inputs to design strategies to reduce opportunities for petty corruption in key public services. To pursue this strategic initiative, the Program has contracted Mr. Hernan Charosky, an Argentinean anti-corruption and BSA specialist.

On September 24, Mr. Charosky visited Nicaragua for two weeks, on what is considered a First Phase of his technical assistance. During this visit, Mr. Charosky gathered relevant information about petty corruption and its major challenges. He met with key informants from 3 public institutions and services (*Dirección Nacional de Aduanas*, *Dirección General de Ingresos y la Defensoría del Consumidor*). He also met with representatives from the Simplification Bureaucratic Office of the Ministry of Finance and from a Bureaucratic Simplification Initiative from the World Bank, as well as representatives from 7 non-governmental organizations.

This activity will assist the Program in understanding the dimension and scope of the problem and design a strategy. During this visit, Mr. Charosky also focused on a few specific services that could benefit from a BSA. As a result of this visit, the Program expects to have identified two public entities that will undergo BSAs during FY 2007. Mr. Charosky will provide, by mid-October, a work plan for the design and implementation of the BSA strategy.

LLR 2.1.6: Key oversight agencies strengthened

In collaboration with the USAID Rule of Law Program, the Transparency Program financially supported a small part of a public awareness campaign designed to increase citizen awareness of the existence of the newly created *Oficina de Denuncia Ciudadana* (ODC) located in the *Procuraduría General de la República* (PGR). During the next reporting period, the Program will explore other collaborative activities with the Rule of Law Program to strengthen the ODC.

**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 the approved FY 06 Work Plan.

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

*Key Results from Grupo Fundemos Project*

To date, the Program is now working in 12 of the 20 targeted municipalities. In 3 of the municipalities (San Marcos, Palacagüina, and Chinandega) activities in participatory budgeting are being implemented by *grupo FUNDEMOS*. *Etica y Transparencia* is working in another 5 municipalities (El Rosario, Masatepe, San Marcos, Diriamba, and Santo Tomás del Norte) on increasing transparency in the execution of the local budgets and its processes.

The remaining 5 municipalities (Sébaco, Nagarote, San Carlos, Nueva Guinea, and San Juan del Sur) are being provided with technical assistance in the area of social auditing. This assistance was at first provided directly by the Program through consultant Magaly Lara. As of September, the Program has awarded a grant to *Red Local Para el Desarrollo* to continue activities in these five municipalities.

For this reporting period, the Program can report results in several areas. Under the grupo FUNDEMOS grant, the work in Chinandega and Palacagüina has yielded a total of 20 workshops and 91 consultative meetings, all focused on budgetary planning systems, methodologies, approaches, and the benefits of participatory budgeting. A total number of 6,997 beneficiaries have received these trainings in both municipalities, although the majority was from Chinandega (5,383, of which 2,356 were male and 3,027 female). Palacagüina accounted for the remaining participants (1,614, of which 627 were male and 987 were female).

The number of trained people in all municipalities varied due to the population size that resides in each community. In the case of Chinandega and Palacagüina, there is a noticeable trend of higher female participation versus male participation. In these two municipalities, females have demonstrated a higher interest in promoting projects that

benefit the community as a whole instead of men. This again is visible during the participatory budget consultative processes where a significant higher number of women than men actively participated.

### *Palacagüina*

1. 100% of the Municipal Council members were integrated to the process of participatory budgeting.
2. A portfolio of citizen-driven projects and great consideration of these citizen initiatives by local authorities. Please note that the number of citizen driven projects that will actually be considered for implementation will be available when the assembly gathers to count and analyze these projects. This data will be provided in the next quarterly report.
3. Local authorities gained ownership of the consultative process and were present in a majority of activities.
4. Local technical committee demonstrated a high level of interest and will on their part to support activities.
5. More integration between the members of the Municipal Development Committee.
6. Increase citizen awareness of the importance of citizen participation, particularly in the elaboration of local budgets for 2007.
7. A commitment was obtained from the local authorities to design future budgets through a participatory process.
8. 1,614 community leaders were technically trained. It is important to note that all of these trainees assisted the consultations. Trainings were conducted during the consultation process when government and citizens were gathered together.
9. Inter-institutional coordination strengthened.

### *Chinandega*

1. Approximately 95% of the Municipal Council members were integrated to the process of participatory budgeting.
2. During the consultation process, rural zones, small adjacent towns, and projects within urban sectors were taken into account, thus allowing the local authorities to better understand the needs of their diverse constituents.
3. Integration of the Municipal Technical Unit<sup>2</sup> to the participatory budgeting process.
4. A technical committee was formed for the consultative process. This committee is composed of members from different sectors and municipal leaders such as members of the Municipal Development Committee, members of the Municipal Council, and members of the Municipal Technical Unit.
5. The Deputy Mayor participated actively and dynamically in all activities of the consultation process. He had attended a seminar on participatory budget in Georgetown University in Washington D.C. and he relayed this experience and explained how this experience has increased citizen participation.
6. Strong political will was obtained from local authorities.

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<sup>2</sup>Municipal Technical Units are committees that are part of the organizational structure of the municipal government. Their function is to plan the budgets and future projects around the needs of the citizenry.

7. The Participatory Budgeting Project 2007 was announced and promoted by the local media, enabling most of the municipal population to hear about it and become interested.
8. Project enabled community leaders and other municipal constituents to explain their needs and be heard. Please note that the number of citizen driven projects that will actually be considered for implementation will be available when the assembly gathers to count and analyze these projects. This data will be provided in the next quarterly report.
10. 5,383 beneficiaries were technically trained. It is important to note that all of these trainees assisted the consultations. Trainings were conducted during the consultation process when government and citizens were gathered together.

### *San Marcos*

In the case of San Marcos, the work being conducted at the present moment is a bit different than in Chinandega and Palacagüina. San Marcos was the first participatory budgeting initiative that was launched under this project; its consultative process stage was done in previous quarters. Currently, FUNDEMOS is monitoring and providing assistance to the social auditing commissions that are overseeing projects that were already approved and have already begun being implemented. Results obtained from these social auditing initiatives will be available during the next reporting period.

### *Key Results from Ética y Transparencia Project*

During this past quarter, Etica y Transparencia continued implementing public awareness campaigns for approximately 4 months (July-October) in the municipalities of Santo Tomás del Norte, El Rosario, Masatepe, San Marcos, and Diriamba. The campaigns consisted of radio public service announcements and vehicles with loud speakers circulating throughout each municipality and adjunct provinces. The information transmitted in the campaigns dealt primarily with budgetary concepts, legal framework, the rights that citizens have to obtain information from their municipal governments about the budget and its expenditures.

The radio public service announcements were aired 4 times a day during the most listened to programs (early dawn programs, the news at noon, 4 pm, and 6 pm). All four municipalities reported that since the radio campaign aired, the number of citizens requesting information on budgetary issues had increased significantly. As a direct result, Etica was able to obtain the voluntary participation of all five mayors in a radio show where they where citizens were allowed to call in and ask questions pertaining to municipal budget issues.

### *Key Results from Consultancy of Magaly Lara*

Through direct Program technical assistance, several activities were conducted in the municipalities of Sébaco, San Juan del Sur, Nueva Guinea, Nagarote, and San Carlos.

Each of these five municipalities has a different participation structure and enabling environments to promote and apply social auditing techniques. Altogether, over 10 workshops were held in 4 of the 5 municipalities, in which more than 400 citizens and public officials were trained on basic social auditing concepts, as well as to find ways to work together in favor of common goals, such as accountability and transparency.



**Social audit training in Nueva Guinea.**

Nagarote, being the model municipality that it is, is of great interest to the Program as a potential model municipality in key transparency areas. Its political will and high level of citizen participation in its public policy processes, has led the Program to select Nagarote as a pilot municipality in which citizens will be trained and provided with adequate technical assistance to hopefully conduct social auditing of the new roads that will be built with MCC funding.

#### *Children's Government of Nagarote*

During a social auditing training conducted in Nagarote, the Program learned that the municipality had a very interesting and creative activity that engaged children and youth participation in municipal development. There is a Children's Government (*Gobierno Infantil*). On September 22 the Program held a meeting with Nagarote's Gobierno Infantil to openly exchange views with the children about transparency issues and to learn more about the various activities that the children are currently implementing in their municipality. This exchange allowed the Program to explore potential areas of collaboration and activities that could be executed conjointly with the children.

#### *Municipal Procurement Initiative*

On September 28, the Program met with Juan Manuel Navarro from the *Dirección General de Contrataciones* (DGC). The meeting's objective was to discuss the possibility of collaborating in a Municipal Procurement Initiative. The idea will be to first

conduct a diagnosis of the strengths and weakness of the acquisitions divisions in a selected group of the 20 municipalities in which the Program will be working in.

The diagnosis will help the Program identify which acquisitions divisions in which municipalities require the most strengthening in terms of training. Once this is done, the Program in collaboration with the DCG, can design a technical assistance, while at the same time increase citizen participation and social auditing of municipal procurement processes.

### *New Grant awarded to Red Local para el Desarrollo*

To continue activities in the municipalities of Nueva Guinea, Sébaco, San Carlos, Nagarote, and San Juan del Sur, the Program awarded a grant to *Red Local Para el Desarrollo* in September. The grant will develop and promote transparency and citizen participation in municipal processes. Some of the key activities contemplated in this project are:

1. Organization and execution of capacity building workshops on the current municipal legal framework, targeting professional and labor associations as well as municipal authorities.
2. Strengthening the Municipal Development Committee, especially in Sébaco.
3. Strengthening civil society's capacities in social auditing.
4. Public awareness campaign.
5. Publications of social auditing methodologies and guides.
6. Creation of Social Auditing Commissions in all five municipalities.
7. Trainings to community leaders on the different tools and methodologies for conducting social audits.

## **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*

During this past quarter, the Program has launched several initiatives looking to increase citizen participation and social auditing, both at the national and local level.

### *Presentation to the Second Annual Summit of Auditors*

On August 14, the newly arrived Director of the Program Dr. Gerardo Berthin delivered a major address to the Second Annual Summit of Auditors organized by the *Asociación de Auditores Internos de Nicaragua*. The topic was how to promote transparency and accountability in the Public Sector. The Director of the Program emphasized the role of social auditing, as a new and innovative tool to prevent and reduce corruption. More than 100 auditors were present.

### *Social Auditing of Universities Budgets*

At the national level, on August 24 the Program signed a subcontract with a civil society youth group, *Juventud por la Democracia Nicaragüense* (JUDENIC) to conduct a social

auditing exercise on the way in which public resources are assigned to public universities and how they are in turn spent.

The audit is more of an investigative piece which focuses on internal control mechanisms and accountability. The key question that will be answered by this project is, how are universities utilizing the assigned funds and are they being held accountable for their expenditures? This social audit not only looks to provide us with a consultative report but seeks to open spaces for public dialogue centered on this topic. Other key questions that this project will answer are: Is the process used for the allocation of funds for public universities legal? Is there corruption? If so, how does it manifest itself and what is feeding it? Answers to these questions will raise awareness among the Nicaraguan population, civil society, and students regarding the management of university funds and would explore the need and demand for legal reforms.

### *Survey of Democratic Political Culture*

At the local level, on August 30, the Program signed a contract with the *Universidad Centro Americana* (UCA) to conduct a municipal over sample survey of the much larger DIMS national survey conducted by Vanderbilt University/LAPOP. The survey will be implemented in the 20 municipalities targeted by the Program, and will provide baseline information on key issues about corruption, democratic processes, social capital, citizen participation, access to information and social auditing. USN Technical Expert Mitchell Seligson from Vanderbilt University will be assisting the Program in analyzing the survey results and transforming the data into graphs, frequencies, charts into a final report. During this reporting period the survey is underway.

### *Rapid Assessment on Transparency and Accountability in the Municipality of Managua*

The Program also explored the possibility with *Poder Ciudadano* to conduct a Rapid Assessment on transparency and accountability in the Municipality of Managua. Issues such as transportation, procurement, municipal projects and the management of Managua's public markets are being considered as key areas for this assessment. The rapid assessment will enable citizenry to understand where their taxes are going, how they are being spent, and how the Municipality handles transparency and accountability issues. This will increase demand for access to information and disclosure of the activities, contracting mechanisms, etc.

### *Social Auditing*

The Program is also working with *Red Probidad* on launching a series of videoconferences focused on social auditing best practices. These videoconferences will be broadcasted locally and regionally and will target experiences from El Salvador, Panama, Guatemala, Dominican Republic, Bolivia and Peru, to name a few. The expected outcome of this effort is to create a network of organizations that will replicate the best practices cases addressed during each videoconference. Ultimately the Program foresees these videoconferences also providing valuable input for the implementation of the two Transparency Fairs, which are contemplated to take place in municipalities such as Leon and Rivas.

### *Legislative Observatory*

In addition, the Program has been reviewing a proposal for a grant from *Hagamos Democracia*, focused on increasing transparency and citizen awareness of the legislative processes in the National Assembly.

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

The Program has begun policy dialogues on corporate social responsibility and its relation to transparency, ethics, and CAFTA-DR compliance. After meeting with Enrique Urbina (TAO), arranged by CTO Luz Marina Garcia, initial contact has been made thus far with different organizations from the private sector (such as *Union Nicaragüense de Responsabilidad Social Empresarial* (uniRSE), *Cámara Nicaragüense de Construcción* (CNC), *Fundación Nicaragüense Para el Desarrollo Económico y Social* (FUNIDES), American Chamber of Commerce (AmCham), and other USAID-funded programs currently carrying out activities on this topic (USAID/PRO-CAFTA).

The Program is exploring possibilities to provide technical assistance in key topics such as code of ethics (mission, vision, commitments), public corporate social responsibility (i.e. private sector social auditing of procurement vehicles and terms of references), as well as the promotion of private sector compliance with CAFTA-DR transparency and anticorruption provisions.

Out of all of the interviewed organizations, AmCham was the one that showed most interest in this particular topic. They submitted a two-page proposal for private sector training in topics like the Inter-American Convention against Corruption (IACC) and the importance of their role in assisting GON compliance with its regulations. The Program is analyzing the proposal and is continuing exchanges with AmCham to make this happen.

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

During this reporting period, the Program has began to work more actively with the media, both in terms of capacity building in transparency and corruption issues, as well as improving dissemination of news on key topics. For example, on July 22 and 26, the Program sponsored a training workshop for journalists on the topic of political party financing.

International expert Delia Ferreira conducted the training for 21 journalists, of which 12 were men and 9 women. The immediate result of this training was one news story in each of the two major newspapers (La Prensa and El Nuevo Diario) about the training sessions and the issues. Also, on September 2 as was already mentioned in LLR 2.1.2, Mr. Peñailillo also provided technical assistance to the OEP in the organization of a workshop with journalists on the IACC. The objective was to provide journalists, information, analysis and best practices on the IACC and to enable journalists to use this information to report on compliance with the IACC.



**International consultant Delia Ferreira during journalist training**

In addition, during this reporting period, there were 20 articles, radio news and television coverage about activities and initiatives sponsored by the Program.

During this reporting period, the Program has been gathering information to develop a more comprehensive and systematic strategy to enhance reporting and analytical capacity in the media for transparency and anti-corruption issues.

#### **Sub-IR 2.4: Accountability of Elected and Appointed Officials Improved**

##### ***LLR 2.4.1: Political parties and elected leaders' accountability improved***

From July 22 through July 28, the Program hosted a series of events all directed towards raising awareness of the importance of political party financing. The week of events was composed of several mini-initiatives with the media, media owners, private sector entrepreneurs, political actors, and public officials.

All events addressed the need for electoral law reform in Nicaragua. Currently, there are no ceilings on the monetary amount that a campaign can receive in donations, both national and foreign; nor is there a limit on the amount of money a campaign can claim for reimbursement from the government. All sectors of society need to become deeply involved and alerted of this need.

The mini events ended with a major two-day international conference held in Managua, which had a top list of panelists and international speakers, including the Vice-President of Costa Rica, Dr. Kevin Casas. The conference helped to galvanize the discussion on political finance in order to place it on the public and political agenda in participating countries, particularly Nicaragua. The conference also served to raise awareness about issues in political finance and how they are being approached by other countries in the region in order to identify best-practices that can be applied by participating countries. And, it provided participants with new information and an opportunity to exchange politically-feasible solutions to the complex problems of regulating political finance.

The international conference was attended by 250 people, and was broadcasted via web casting on [www.cifp2006.org](http://www.cifp2006.org). A website created specifically for this occasion. Since its inception to date the website has received over 62,000 hits, and the live web casting of the conference was accessed by 10 different countries among them the United States, El Salvador, Chile, Costa Rica, Haiti, Great Britain, and Guatemala. The total average number of hits for just that week was approximately 28,000.



**Cristiana Chamorro (FVBCH), Ambassador Paul A. Trivelli, and USAID Mission Director Alexander Dickie at the II International Conference on Political Party Financing**

As a follow-up to the Second Conference on Political Party Finance held at the end in July, the Program signed five grants as part of a “Strategic Small Grants Package Initiative on Political Party finance.” The overall goal of this initiative is to support an integrated civil society initiative to promote transparency and accountability in the electoral process and to pressure political parties to be more transparent in their finances. The Strategic Small Grant Package Initiative on Political Party Financing will have the following five specific goals:

- Strengthen and expand the coalition of civil society organizations that oversee political party finance issues.
- Monitor campaign media spending of all political parties.
- Design and implement an awareness campaign that targets key sectors of society, for them to understand the main issues related to political party finance and the implications of not having transparent and accountable political parties.
- Design and implement a Manual for civil society organizations to effectively monitor political party finance and a Nicaraguan website exclusively dedicated to provide information to the public on political party finance issues.
- Promote public discussion and informative forums outside Managua, for the public to have a space to hear about issues related to political party finance to exchange experiences and lessons learned.

Each of the five participating civil society organizations (*Hagamos Democracia, Ética y Transparencia, FUNDEMOS, IPADE and the Foundation Violeta Barrios de Chamorro*)

developed a grant proposal to fulfill the overall and the specific goals of the Strategic Small Grant Package Initiative on Political Party Financing.

This is a collaborative effort by IFES and the Transparency Program in Nicaragua administered by Casals and Associates Inc. Both will coordinate periodic meetings with these five organizations and will closely monitor its effective and timely implementation. IFES experts are expected to arrive periodically to Nicaragua to provide TA to these five organizations.

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

While in-country, Mr. Peñailillo met with OEP Director, Ms. Haydeé Acosta on several occasions to discuss ways in which OEP could begin implementing more effective activities to promote access to information. Activities specifically discussed were those promoting access to assets declarations submitted by all public officials' working in the Executive Branch.

These meetings resulted in technical capacities being transferred to the OEP in order to carry out activities in this arena. If the political context permits, a high-level activity was also planned for the next quarter. OEP will have a public event in which members of the current cabinet will be summoned to publish their assets declarations. A second activity with current presidential candidates will take place. Candidates will be asked to commit themselves to implement an anticorruption plan based on IACC regulations and to assist the outgoing government transfer power in an orderly manner.

➤ **List of In-Country Trainings**

Please refer to ANNEX I: USAID TRANSPARENCY PROGRAM NICARAGUA

➤ **Consultancies**

Pablo Galarce, Jeffrey Carlson, Delia Ferreira and Marcin Walecki

Mr. Carlson and Mr. Galarce traveled to Nicaragua to provide support and participate in the Second International Conference on Political Financing held in Managua on July 17-29, 2006. They met with the five civil society organizations responsible for organizing the conference and with the conference speakers. Ms. Ferreira and Dr. Walecki participated in and presented at the conference. Ms. Ferreira also provided training for journalists on political finance coverage in advance of the elections and served as a technical expert on campaign finance.

Gerardo Berthin

Dr. Berthin traveled to Managua for a period of two weeks from July 17 to 29 to begin getting acquainted with the Program. Dr. Berthin was about to become the new Program Director and needed to overlap with outgoing Director, meet with staff, get organized, assist with the political financing conference, and look for a permanent home while in-country.

David Cohen and Kerisha King

Mr. David Cohen and Ms. Kerisha King traveled to Managua to attend the Second International Conference on Political Financing and to assist the Program during the Program Director transition. They both traveled from July 26-29. Additionally, Ms. King traveled to Managua to work alongside the Program Director and Deputy Program Director in finalizing logistical arrangements for the conference.

Miguel Peñailillo

Mr. Peñailillo traveled to Nicaragua to provide technical assistance to selected government agencies (OEP, Office of Public Ethics) and civil society organizations to strengthen their capabilities on the implementation and monitoring of the Inter American Convention against Corruption. He traveled from August 30 to September 14.

Hernán Charosky

Mr. Charosky traveled to Managua from September 24-October 3, to provide technical assistance on business simplification measures as tools for anticorruption. He interviewed key actors, explored public services to conduct a Bureaucratic Simplification Assessment (BSA) and draft a 12 month strategy for the program.

Dr. Kevin Casas-Zamora, Elizabeth Cabrera, Andrés Hernández, Jose Thompson, Fernando Agiss

All above-mentioned traveled to Managua from July 26-29 to be speakers at the II International Political Financing Conference hosted by the Program.

**ii. Other Activities**

*Visit of Dr. Rodolfo Vigo*

On August 29, the Transparency Program hosted renowned international judicial expert, Dr. Rodolfo Vigo, Justice Minister of the Santa Fe Province in Argentina. He is the co-author of the Ibero-American Code of Ethics. The entire program staff, along with USAID CTO, participated in a two hour session that covered several topics related to transparency, accountability and codes of ethics.

*Roundtable Discussion with High Level USAID Officials from Washington D.C.*

In the context of a visit to Nicaragua from Washington D.C. by USAID Assistant Administrator for Latin America and the Caribbean, Mr. Adolfo Franco, the Transparency Program hosted on September 7 an Anti-Corruption Roundtable Discussion that focused on three key areas, relevant to the Nicaraguan Context, 1) Access to information; 2) the Inter-American Convention against Corruption (ICAC); and 3) Public Procurement.

Among the participants were Mr. Paul Bonicelli, Deputy Assistant Administrator/Bureau for Democracy, Conflict, and Humanitarian Assistance and Maria Rendon-Labadan, Deputy Director of the Democracy Center, both members of Mr. Franco's delegation that visited Nicaragua from Washington D.C.

The roundtable discussion was moderated by the Director of the Transparency Program. In the panel participated Mrs. Cristiana Chamorro from the Violeta Barrios de Chamorro Foundation, Mrs. Nelly Castro, from the Government Procurement Directorate, and Dr. Francisco Jácamo from CONADER (National Academic Commission of Law Schools)

Both Mr. Bonicelli and Mrs. Rendon asked a number of questions and recognized the importance of these three issues in any anti-corruption strategy. The roundtable offered ample opportunity to engage in substantive discussions and dialogue and was highly participative. The discussion also provided valuable information about the transparency situation in Nicaragua. Also present in the event were the Head of the Governance Initiative Program of USAID Steve Hendrix, and the USAID Program Officer for the Transparency Program, Luz Marina Garcia

#### *Public Awareness Activities*

In continuing collaboration with the Communication Directorate of the Presidency, the Program is assisting them in raising citizen awareness of the need for transparency and accountability. The Program signed a subcontract with Nicaraguan rocker Ramón Mejía from the group Perro Zompompo this past September 27.

The main objective of this campaign is to encourage young people to reject corruption and value transparency and accountability by "caring for their country." This campaign involves TV spots, posters, press conferences and a visit to five public schools. In addition, Perro Zompompo will lend one of its songs to be theme for this campaign. The song is called Love your Country (*Quiere a tu país*).

#### *Monthly Grantees Coordination Meeting*

On September 29, the Program held its first ever "grantees coordination meeting." This meeting differentiates itself of other coordination meetings that the Program has had with its grantees, in that in this case, all 13 grantees were present.

This meeting presented an amicable, relaxed environment in which all Program grantees got to know each other and share information and progress about the projects that each of them were currently implementing. Grantees asked questions about the various projects and exchanged views, suggestions, recommended experts, etc. Some of them even came to the realization that the work of the other grantees was complimentary to their own, creating synergies. The Program will continue to hold these meetings every month.

### **iii. Achievements and Obstacles**

## **Achievements**

- Level of productivity of the Program dramatically increased, both programmatically and financially.
- The Program drafted the FY 2007 Work Plan and was sent for approval. The achievement is that the FY 2007 Work Plan has been produced by the entire team.
- Ten grants were finalized and signed totaling nearly US\$500,000.
- Integrated strategy for compliance with the IACC designed and being implemented.
- Successful implementation of a major international conference on political party finance and designed and implementation of an integrated strategy involving civil society.
- FVBCh grant's National Assembly observatory continues to play a key role in discussions of Access to Public Information legislation.
- Extension of municipal level activities and technical assistance to five additional and socio-economically diverse municipalities.

## **Obstacles**

Electoral process is providing a context of ambiguity and uncertainty, which is expected to last into the next Quarter, until elections take place on November 5, and a new government, is in place around mid-January 2007.

### **iv. Planned Activities by each Sub-IR and LLR for the next quarter**

#### **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*

- Participate with donors in discussion and analysis of GON anti-corruption strategy (October)
- Send delegation of 20 participants from various sectors (public, private, civil society) to attend the TI 12 International Anti-Corruption Conference in Guatemala (November)
- Launch first Transparency Circle (December)

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

- Continue providing technical assistance to strengthen the IACC follow-up coalition group. (October – November)
- Finalize proposals from the IACC follow-up coalition group and award at least 4 grants. (November)
- Send civil society and government delegation to the OAS' Committee of Experts' Second Round of Analysis in Washington DC. (December)
- Explore possible governmental entities to locate anti-corruption policy issues during the transition process, since the future of OEP and Communication Secretariat is uncertain (October – December)

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

- IEEPP will conduct its first forum on citizen participation and budgetary processes
- IEEPP will produce a report on how to improve citizen participation in budgetary issues
- Also, the initial design for the web site to be created under the IEEPP grant will be produced

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

- Receive work plan from Hernan Charosky (October)
- Begin to prepare BSAs (October – November)
- Identify potential NGO and/or consultants to assist with BSAs.

LLR 2.1.6: Key oversight agencies strengthened

- Provide assistance to Rule of Law Program in their public awareness campaign focusing on strengthening the *Oficina de Denuncias Ciudadanas*.
- Explore ways and means with the Rule of Law Program to support Financial Intelligence Units and/or ways and means to follow-up on the Panama Video Conference.

**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

- Provide technical support to the DGC
- The Red Local will be conducting at least 5 workshops on social auditing legal framework
- Etica y Transparencia will be processing the survey results and preparing their final report. Grant will finalize in November.
- FUNDEMOS will enter the evaluation phase of the participatory budgeting project, once this is finalized the feedback phase will begin.

## **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

- Analyze Red Probidad's proposal for the regional videoconferences on social auditing and award grant.
- Finalize JUDENIC subcontract on universities and their budget allocations and expenditures.
- Begin rapid assessment on transparency and accountability in the Municipality of Managua.
- Award grant to Hagamos Democracia on legislative monitoring.

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

- Award grant to AmCham for private sector training on IACC and importance of private sector role in GON compliance with the convention.

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

- Continue to elaborate and finalize a more comprehensive and systematic strategy to enhance reporting and analytical capacity in the media for transparency and anti-corruption issues.

## **Sub-IR 2.4: Accountability of Elected and Appointed Officials Improved**

### LLR 2.4.1: Political parties and elected leaders' accountability improved

- Intensify implementation of the Strategic Small Grant Package Initiative on Political Party Financing (October – November)

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

- Activity 3, dealing with Deputies' voluntary declarations of assets, of the Hagamos Democracia grant begun.

## **II. Administrative Update**

- i. Former Program Director, Sally Taylor, departed Nicaragua on August 14.
- ii. Dr. Gerardo Berthin, new Program Director, arrived in Nicaragua on August 12 and officially joined the Program on August 14, 2006.
- iii. No documents were submitted to DEC during this reporting period.

## ANNEX I: USAID/TRANSPARENCY PROGRAM NICARAGUA

### ➤ List of In-Country Training Events

Training Program	Field of Study	Relationship Objectives to	Dates	Female Participants	Male Participants	Total Amount of Activity	Dollar of
<u>FUNDEMOS GRANT</u> 8 trainings on social auditing in Palacagüina	Participatory Budgeting	Provides basic social auditing tools to citizenry to perform social auditing on the municipal budget	July – September 2006	93	76	\$ 267.00.	
1 training on the methodology to be used during the municipal budget's consultative process in Palacagüina	Participatory Budgeting	Helps local authorities define what methodology will be used throughout the year to consult on the municipal budget.	July 12	9	9	\$ 227.00	
31 Citizen consults of the municipal budget both urban and rural in Palacagüina	Participatory Budgeting	Involves citizens in the development and creation of the budget and enables information about the municipal budget processes and allows for citizens to request allocation of resources for a variety of issues.	July 12 – September 1 2006	810	484	\$ 227.00	
1 Project Evaluation Meeting in Palacagüina	Participatory Budgeting	Local authorities gather to analyze the projects that the citizenry has proposed. Priority projects are selected and incorporated into the municipal budget	September 11	18	18	\$ 227.00	

<b>Training Program</b>	<b>Field of Study</b>	<b>Relationship to Objectives</b>	<b>Dates</b>	<b>Female Participants</b>	<b>Male Participants</b>	<b>Total Dollar Amount of Activity</b>
1 Meeting with Government Institutions in Palacagüina	Participatory Budgeting	Helps define financing sources for the selected and/or proposed projects	September 21	18	15	\$ 317.00
1 Informative Assembly on the results obtained from the Consults in Palacagüina	Participatory Budgeting	Informs citizenry of the selected projects and how funding will be gathered	September 28	28	16	\$317.00
6 dissemination activities of the Participatory Budgeting Project 2007 with the youth of Palacagüina	Participatory Budgeting	Make the budget known to the youth	September 21 – 29	11	9	\$ 800.00
Planning session to develop the consults strategies with technical committee in Chinandega	Participatory Budgeting	Only venue in which all local authorities and technical committee can reunite to plan the municipal budget consults	July 11	16	20	\$ 317.00
60 Consults with urban and rural citizens in Chinandega	Participatory Budgeting	Involves citizens in the development and creation of the budget and enables information about the municipal budget processes and allows for citizens to request allocation of resources for a variety of issues.	July 21 – September 13	3,005	2,328	\$ 227.00

<b>Training Program</b>	<b>Field of Study</b>	<b>Relationship Objectives to</b>	<b>Dates</b>	<b>Female Participants</b>	<b>Male Participants</b>	<b>Total Amount of Activity</b>	<b>Dollar of</b>
Partial Evaluation of the Project in Chinandega	Participatory Budgeting	Evaluation of the methodology, the consults, level of feedback	August 12	6	8	\$267.00	
<u>FVBCh GRANT</u> Forum "Journalism and Access to Public Information Legislation"	Access to Information	Educate journalists on the value of the Freedom of Information Legislation Project that is currently being pushed in the National Assembly	September 28	33	28	\$787.35	
Workshop with the Association of Librarians and Archivists	Access to Information	Get to know and value the level of archive organization in order to be able to grant access to information.	July 16	36	13	\$951.44	
<u>TRAININGS AND WORKSHOPS CONDUCTED DIRECTLY BY THE PROGRAM</u> Importance of IACC at UHISPAM	Access to Information	Alert students of the importance of the IACC and the need for compliance with all articles cited in the convention	September 11	25	35	\$337.53	
Videoconference Promoting UNCAC Compliance		Promoting United Nations' Convention against Corruption (UNCAC) Compliance: Civil Society's Role.				\$750.00	

<b>Training Program</b>	<b>Field of Study</b>	<b>Relationship Objectives to</b>	<b>Dates</b>	<b>Female Participants</b>	<b>Male Participants</b>	<b>Total Amount Activity</b>	<b>Dollar of</b>
Workshop on Citizen Participation Legal Framework and Municipal Procedures in Sébaco	Social Auditing	Train citizens in basic social auditing concepts	July 7	1	13	\$129.79	
Workshop on Municipal Development Committees and Alternatives to Citizen Participation in Sébaco	Social Auditing	Motivate territorial leaders to open up and participate in municipal procedures	July 21	10	15	\$231.74	
Workshop on Municipal Planning Systems and Citizen Participation in Sébaco	Social Auditing	Create evaluative process of the openness of the municipal govt. regarding social auditing	July 28	2	14	\$336.41	
Workshop on Citizen Participation Legal Framework and Municipal Procedures in San Juan del Sur	Social Auditing	Train citizens in basic social auditing concepts	July 14	6	7	\$290.25	
Workshop on Citizen Participation Legal Framework and Municipal Procedures in San Juan del Sur	Social Auditing	Train citizens in basic social auditing concepts	July 26	22	45	\$411.68	
Workshop on Organization, Leadership, and Citizen Participation in Nueva Guinea	Social Auditing	Strengthen existent citizen participation instances	August 22	9	106	\$677.07	
Workshop on Citizen Participation and Social Auditing in Nueva Guinea	Social Auditing	Train citizens in basic social auditing concepts	August 23	5	12	\$677.07	

<b>Training Program</b>	<b>Field of Study</b>	<b>Relationship Objectives</b>	<b>to</b>	<b>Dates</b>	<b>Female Participants</b>	<b>Male Participants</b>	<b>Total Amount Activity</b>	<b>Dollar of</b>
Workshop on Municipal Planning Systems and Citizen Participation and National Policies on Youth in Nueva Guinea	Social Auditing	Create an auto evaluative process of the openness showed by the municipal government regarding social auditing		August 9	19	19	\$677.07	
Workshop on Municipal Planning Systems and Citizen Participation and National Policies on Youth in Nagarote	Social Auditing	Create an auto evaluative process of the openness showed by the municipal government regarding social auditing		September 4	29	108	\$1262.77	

## PANAMA

### **Introduction**

This quarterly report for July - September, 2006 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 Transparency, Anti-corruption 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.

#### ***Supporting the National Anticorruption Council***

In late August 2006, USAID/Panama resolved to cease temporarily its activities in support of the National Anticorruption Council. This decision—jointly taken with the Program—was prompted by recurring differences among some of the members of the Council, which obstructed in practice the execution of its assigned tasks and our efforts to support their implementation. Nevertheless, it did not transcend to activities conducted on an individual basis with the GOP agencies that are part of the Council, such as the Attorney General's Office and the Office of the President's Chief of Staff through its Civil Service Directorate. Their initiatives (described further below) assisted in advancing the goals of a national anticorruption strategy.

Although internal conflicts at the Council peaked last quarter and brought about the resignation of one of its civil society representatives, at the time of preparation of this report (October 2006), the Council seemed to be heading towards solving its major problems.

Following is a summary of the Program's highlights in connection with its work with the National Anticorruption Council through August 2006:

On August 8-9, the Program offered, in conjunction with the Executive Secretariat of the National Anticorruption Council, two four-hour workshops on the use of internal controls and risk assessment methodologies to detect and uproot corruption in government agencies. Mario Andrade, an international specialist who authored the Internal Controls Framework for Ecuador served as the workshops' instructor. The first presentation took place at the University of Panama and was directed, mostly, to university professors and managers. More than 70 internal and external government auditors attended the second seminar. Among other results, both workshops exposed its participants to the latest trends in internal controls and risk assessment practices, created awareness of the need to update internal controls standards in Panama, stressed the need to coordinate the government auditing function at different levels (internal and external), and instructed government auditors on the benefits of resorting to the local Freedom of Information Act for the execution of their duties.

The Program also provided technical advice to the President's Chief of Staff in drafting public policies in the areas of State modernization and civil service implementation to be shared for the Council's consideration at its session in mid August 2006.

On July 4, the Council invited the Program to present at its periodic meeting an assessment of its institutional performance. The Program based its diagnostic on a data collection process among the Council's members and a few external agents (e.g. representatives from the Supreme Court, the private sector and civil society organizations). At the meeting, the Program facilitated a discussion on the diagnostic's findings and presented for the Council's consideration an illustrative list of anticorruption policies linked to the scope of work of each of its members. Eight of the Council's members attended the meeting, including the President's Chief of Staff, the Solicitor General, the Attorney General, the acting Ombudsman, and the Comptroller General. As a result, a widespread consensus emerged on the need to substantially modify the decree that created the Council to make it operational. This included eliminating the investigative authority of its Executive Secretariat. Council members were asked to identify their own suggested changes to the decree and develop proposals for the design of anticorruption policies in their respective fields.

***Launching the implementation of a project to prevent, detect and fight corruption at the Judicial branch***

Following the U.S. Embassy's and USAID's approval, the Program reestablished contact with the Supreme Court to set in motion a project to "Prevent, Detect and Penalize Corruption within the Judicial Branch". Additionally, this initiative seeks to improve the credibility and the public's perception of the administration of justice in Panama. The Program concurred to launch the project on August 21 and completed a detailed methodology for its execution, which would culminate with the adoption of an Anticorruption Plan in 2007.

Following a few working meetings and at the Program's request, the Supreme Court appointed a twelve-member Committee responsible for supporting the project's implementation. Their close involvement will be critical to shorten the estimated execution period from ten to seven months. On September 29, 2006 the Program held a first working session with the implementing Committee intended to:

- a) Introduce them to the elements that foster fraud and corruption;
- b) Review country corruption indexes and other tools that measure the independence and transparency of the Judiciary in Panama;
- c) Identify international, regional, and local initiatives to fight corruption within the Judiciary;
- d) Introduce them to the project approved by the Supreme Court to prevent, detect and punish corruption in the Judicial branch; and
- e) Provide details on the type of support required in its implementation from each of the members of the Committee.

Regarding the latter point, the Program proposed the creation of two working groups (one responsible for addressing all subtopics linked to the judicial dimension of the project and a second group who will do the same for the administrative one). Our technical advisors will coordinate and supervise their work.

As a first step, both groups were assigned with the task of compiling and summarizing information on local and international best practices, of an administrative or judicial nature, linked to the three key components of the project, that is, prevention, detection and sanction.

As of next quarter, the Program will involve international and local implementing partners to validate and support the execution of the proposed methodology of the project.



Working meeting at the Supreme Court

***Promoting the adoption and use of a Code of Ethics for the Judiciary***

The Program prepared a schedule of activities for the visit to Panama of Rodolfo Vigo (October 9-10, 2006), an ethics specialist and co-author of the Latin American Model Code of Ethics for the Judiciary. He will be responsible for conducting the following activities:

- Participating as speaker at a seminar organized by *Alianza Ciudadana pro Justicia* under the title “Undue Privileges to High-Ranking Government Officials: A Hurdle for the Criminal Prosecution of Corruption”.
- Holding encounters with media representatives to stress the relevance of adopting a Code of Ethics and disciplinary procedures for unethical behavior in the Judiciary.
- Meeting with Supreme Justices and lower court judges to introduce them to the contents and scope of a Model Code of Ethics for the Judiciary and stress the relevance of adopting disciplinary procedures for unethical behavior in the judicial branch.

These activities seek to:

- Create awareness, based on international best practices, on the need to revisit excessive prerogatives granted upon high level government officials, from the Executive, Legislative and Judicial branches, in a legal process.
- Motivate the adoption of a Code of Ethics, based on internationally recognized standards, in the Judiciary.
- Expose key members of the Judiciary, including Supreme Justices, to best practices in the implementation of disciplinary actions for the infringement of ethical behavior in the judicial branch.

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

***Introducing key public opinion makers in government and the private sector to the scope and contents of the UN Convention against Corruption***

On September 20-23, 2006, the Program invited two representatives of the United Nations Office on Drugs and Crime-UNODC (based in Vienna, Austria), at no charge to our budget, to hold a series of encounters with GOP officials, members of the media, the private sector and civil society organizations. The Program arranged these meetings to introduce key public decision makers and stakeholders to the UN Convention against Corruption, as well as to highlight the regulatory measures that Panama must undertake to fully comply with this instrument, particularly in regards to the criminalization of corruption-related behavior. The meetings took place with the President of the National Assembly, Supreme Court magistrates and lower court judges, the Attorney General and public prosecutors, newspaper editors, electronic

media directors, the Committee responsible for drafting the new criminal code and civil society organizations.

Overall, the UN officials met with approximately 435 representatives of the public and private sectors, media, and civil society, including 170 from the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico and Nicaragua, that participated at an international event, via videoconference, organized by the Program under the title “Promoting Compliance with the UN Convention against Corruption: The Role of Civil Society” (overall seven countries at eight viewing sites watched and participated at this event).

Following is a brief description of each of the meetings’ purposes and results.

Meeting	Specific Objectives	Number of Participants	Results
Attorney General’s Office.	Brief the Attorney General on the agenda and goals of the UN officials’ visit to Panama.	6	<p>The Attorney General will seek to extend its role as central authority of both the UN and Inter-American Conventions against Corruption. This would facilitate the process to monitor compliance of both treaties.</p> <p>The Program will explore sponsoring the participation of the Attorney General in the UNODC meeting in Jordan to define the monitoring mechanism of the Convention.</p>
Dialogue with newspaper editors and electronic media representatives. The event was jointly organized with the National Journalism Council ( <i>Consejo Nacional de Periodismo</i> ). It included interviews with TV and print	<p>Disseminate the nature and contents of the UN Convention against Corruption.</p> <p>Discuss the role that the media may adopt to support the implementation of the Convention, specifically in regards to ensuring the adoption of its standards to criminalize corruption.</p>	15	Newspaper editors expressed their pledge to disseminate and monitor compliance with the Convention. <i>Panamá América</i> , one of the country’s largest circulation newspapers, has already begun to publish articles calling for the strict observance of the Convention, specifically in regards to the adoption of

Meeting	Specific Objectives	Number of Participants	Results
media.			its standards to criminalize corruption.
Dialogue with the National Assembly's Government and Justice Committee and its Legal Advisors.	<p>Expose Congressmen/women to the commitments adopted by Panama under the UN Convention against Corruption.</p> <p>Promote the adoption in the new Criminal Code of all corruption-related crimes and asset recovery measures identified by the Convention.</p>	7	<p>Members of Congress and their legal advisors were acquainted with the corrupt behavior that the signatories of the Convention have to criminalize in their legislation.</p> <p>Once the National Assembly receives the proposed Criminal Code, its Legal Directorate will submit it for the technical review of the UNODC to ensure that it complies with the standards set forth by the UN Convention against Corruption.</p>
Dialogue with the President of the National Assembly.	Promote the adoption in the new Criminal Code of all corruption-related crimes and asset recovery measures identified by the Convention.	6	The President of the National Assembly was advised of the UNODC's offer to assist in the technical review of the proposed Criminal Code.
Dialogue with the Committee responsible for drafting the new criminal code and the criminal procedures code.	Promote the adoption in the new Criminal Code of all corruption-related crimes and asset recovery measures identified by the Convention.	11	<p>Members of the Committee were acquainted with the corrupt behavior and actions that the signatories of the Convention have to criminalize in their internal legislation.</p> <p>The Committee will submit to the UNODC the projected Criminal Code to verify that the chapter related to corruption crimes</p>

Meeting	Specific Objectives	Number of Participants	Results
			complies with the UN Convention in the subject matter.
Interview with <i>La Prensa</i> .	Disseminate the nature and contents of the UN Convention against Corruption.  Highlight the immediate steps that may be taken in Panama to criminalize the crimes identified by the Convention.	1	The newspaper ran three articles on the activities conducted by the UN officials and the UN Convention against Corruption.
Meeting with seven Supreme Court magistrates.	Introduce Supreme Court judges to the UN Convention against Corruption and the role that the Judiciary may undertake in the fight against corruption.	8	Supreme Court judges were exposed to the nature and scope of the UN Convention against Corruption and other international instruments that promote transparency within the Judiciary (e.g. Bangalore principles).
Dialogue with lower-court judges	Introduce lower court judges to the UN Convention against Corruption and the role that the Judiciary may undertake in the fight against corruption.	22	Lower court judges were exposed to the nature and scope of the Convention and other international instruments that promote transparency within the Judiciary, such as the Bangalore principles.
Dialogue with public prosecutors assigned to Panama City and their staff.	Introduce public prosecutors to the UN Convention against Corruption and the role that investigative agencies may undertake in the fight against corruption.	65	Public prosecutors were exposed not only to the nature and scope of the UN Convention against Corruption, but also to new trends in the prosecution of illicit enrichment.  Recent judicial rulings in

Meeting	Specific Objectives	Number of Participants	Results
			international courts and new legal instruments in countries such as Colombia ( <i>termination of ownership</i> ) allow for the reversion in the burden of proof, and the seizure and appropriation of assets in a criminal proceeding, regardless of the result of the judicial sentence.
Meeting with the Director and other staff of the City of Knowledge Foundation ( <i>Ciudad del Saber</i> )	The City of Knowledge Foundation requested this meeting with the purpose of enticing the UNODC to set up regional offices in Panama.	4	The UN officials were exposed to the competitive advantages (i.e. facilities, location, IT services and government incentives) of Panama as a regional cluster of multinational organizations and offices.
International videoconference broadcast simultaneously to eight viewing sites in seven countries (Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama) entitled: "Promoting Compliance with the UN Convention against Corruption: The Role of Civil Society".	Introduce civil society to the UN Convention against Corruption and the role that they may undertake to promote its ratification and/or implementation.  Review the differences, similarities and complementing nature of the UN Convention against Corruption with the Inter-American Convention against Corruption.	256	Participants in seven countries were exposed to the nature and scope of the UN Convention against Corruption.
Dialogue, in Santiago de Veraguas, with	Introduce public prosecutors to the UN Convention against	34	Public prosecutors were exposed to the nature and scope of the UN

Meeting	Specific Objectives	Number of Participants	Results
public prosecutors assigned to regional units of the Attorney General's Office and their staff.	Corruption and the role that investigative agencies may undertake in the fight against corruption.		Convention against Corruption and new trends in the legal doctrine that reconfirm a reversion in the burden of proof in the prosecution of illicit enrichment.



Encounters with the National Assembly's Government and Justice Committee (left) and the Legislature's Directive Board (right)

In the upcoming quarters, the Program will continue working with the UNODC in following up on some of the most relevant results of these meetings. Illustrative actions include the following:

- In conjunction with the Legal Department of the National Assembly, the Program will submit for the review of the UNODC the draft Criminal Code to ensure that it complies with the standards set forth by the UN Convention against

Corruption. Potentially as a result of the activities described herein, Civil society organizations, such as TI's local chapter, have already begun to publicly pinpoint the changes that the draft Penal Code will require to fully observe the Convention.

- The Program intends to prepare, with the UNODC's technical support, a summary on the scope and contents of the UN Convention against corruption to be distributed among the public at large in Panama and other Latin American countries. It would be written in simple, non-technical terms, to clearly convey the objectives of this instrument and the role that different stakeholders may assume to promote its implementation. The final product would be co-printed in the form of a Spanish-language booklet called "*La Convención al Alcance de Todos*".
- The Program will also consider sponsoring the participation of Panama's Attorney General in a meeting of the UNODC to be held in December 2006 in Amman, Jordan. The countries that have signed and ratified the Convention will discuss and adopt at this meeting a monitoring mechanism for the implementation of the UN Convention against Corruption.
- At the request of the UNODC, the Program may put together additional regional videoconferences to offer technical advice on the implementation of the UN Convention against Corruption.



Meeting with Supreme Justices (left) and regional videoconference (right)

***Accompanying a Panamanian delegation to a high-level seminar for the ratification and implementation of the United Nations Convention against Corruption***

On September 18-19, 2006, the Program was invited to participate, along with GOP officials, at a high-level seminar for the ratification and implementation of the United Nations Convention against Corruption held in Costa Rica. The UN Office on Drugs and Crime (UNODC), the UN Latin American Institute for the Prevention of Crime and the Treatment of Offenders (ILANUD) and the Organization of American States (OAS) served as organizers and sponsors of this event, which gathered representatives from the National Assemblies, Attorney General's Offices and Ministries of International Relations from seven Latin American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic). Its objectives were to: introduce government officials to the nature and scope of the Convention; promote political will to ratify and/or launch its implementation; strengthen institutional capacities to prevent and combat corruption; review the status of legal reforms at the national level in compliance with the Convention; and design basic follow-up mechanisms. At the end of the seminar, its participants issued a statement that identified a series of actions aimed at materializing the spirit of the Convention into their respective countries.

The Program contributed to the seminar's discussion by: a) supporting the Panamanian delegation in drafting the status of actions taken locally to prevent and penalize corruption, and promoting international cooperation in observance with the Convention's standards; and b) exchanging experiences on the participation of government entities, the private sector and civil society in anticorruption activities.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

***Supporting the implementation of the civil service system***

On August 17-18, The Program supported the Civil Service Directorate in the organization of the First National Congress of Human Resources Managers under the theme "Towards an Ethical Management of the Workforce in the Public Sector". The event had three main objectives: 1) creating awareness among high level government officials and public decision makers on the relevance of developing a professional civil service free of discretionary decisions and political manipulation, 2) presenting participants with best practices applicable to the different components of the civil service system, and 3) assessing the institutional development of all special career systems in Panama (e.g. at the Office of the Comptroller General, health sector, etc.).

The attending audience exceeded all expectations. Approximately 475 participants among human resource managers and legal advisors from government agencies across the country attended the Congress, whose discussion topics were meant to wrap up two preparatory seminars (*congresillos*) on related subjects.

The Program sponsored the participation at this Congress of Julio César Fernández-Toro, one of Latin America's most renowned civil service specialist and Secretary of the Latin American Center for Development Administration (CLAD). Fernández-Toro offered the Congress' opening remarks and attended additional meetings designed by the Program in collaboration with the Civil Service Directorate and the Solicitor General's Office. These included encounters with the media (SerTV), the University of Panama, the Inter-Agency Network for Ethics in Government (*Red Interinstitucional de Ética en el Sector Público*) and government agencies responsible for providing training for public servants (e.g. the Solicitor General's Office, the City of Knowledge and the National Institute for Professional Training-INADEH). In all of these encounters, the Program sought to convey three basic

messages: 1) that a professional bureaucracy is closely linked to the level of economic and social development of a country, 2) that over the long term a merit based system serves simultaneously the best interests of the country and of politicians, and 3) that the legal framework of the civil service in Panama requires



adjustments to avoid recurring circumventions in practice.

First National Congress of Human Resources Managers and related activities

As a result of this Congress and the two previous “*Congresillos*”, the Civil Service Directorate gathered a series of conclusions and recommendations in the form of a “Route Map” for the proper implementation of a unified civil service in the public sector in Panama. The Program is assisting the Directorate in widely disseminating this document among the public at large, event participants and key public decision makers in government, the media and the labor force.

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

In accordance with a new budget scenario and the ensuing Mission’s priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

#### LLR 2.1.6. Key oversight agencies strengthened.

#### ***Status of pending activities at the Office of the Comptroller General***

At the beginning of the reported period, the Program attempted to gain direct access to the Comptroller General to reactivate the implementation of pending activities. It did so by presenting him with two collaboration proposals in the area of government auditing. Both of them addressed priority areas under the strategic plan of the Office of the Comptroller General and were meant to transcend their impact towards Internal Audit Units and GOP agencies.

They entailed two major activities 1) Updating government auditing standards, and 2) Training external and internal auditors in Financial Auditing, Performance Auditing and Internal Controls.

A key element of the above proposals was the identification of two international auditing specialists responsible for coordinating their execution in conjunction with the Program's full time staff. One of them, a former GAO (US Government Accountability Office) auditor with ample experience in providing technical assistance to supreme audit institutions (through multilateral entities and bilateral cooperation agencies), exceeded the professional profile requested by the Comptroller General. Nevertheless, to date, the Office of the Comptroller General has not responded to the Program's proposals.

Furthermore, in early September, the high-level staff of the Office of the Comptroller General completed a series of leadership and team-building sessions. They were intended to fully commit career officials with the transformation process at the Office of the Comptroller General and generate a work environment where team cohesion facilitates the implementation of its strategic plan. The Program co-sponsored these activities through an external consultancy (Franklin Covey).

### ***Moving forward key initiatives with the Attorney General's Office***

This period, the Program continued advancing the execution of four major initiatives in support of the Attorney General's Office: a) the organization of a regional workshop of Attorneys General on the investigation of corruption and the recovery of ill-gained assets; b) the design of a course certificate (*Diplomado*) on the investigation and criminal prosecution of corruption; c) the institutional revamping of its Anti-Corruption Public Prosecutors' Offices, and d) the design of a project aimed at adjusting the legal framework in Panama to the standards of the UN Convention against Corruption.. Following is a brief description of these activities.

#### ***a) Regional Workshop on the Investigation of Corruption and Recovery of Ill-Gained Assets***

On August 24-25, 2006, the Program organized a Regional Workshop of Attorneys General under the theme "Identification and Adoption of Effective Strategies for the Criminal Prosecution of Corruption".

The event gathered the Attorneys General, or their representatives, from nine Latin American countries (see box below), who discussed and identified, for the first time through an on-site encounter, best practices in the investigation of corruption and the recovery of ill-gained assets.

In the organization of this activity, the Program coordinated the efforts of two U.S. Embassy offices (the Narcotics Affairs Section and the Drug Enforcement Agency), and those of the Attorney General's Office itself.

By examining four case studies, the attending prosecutors assessed the strengths and challenges for the implementation of corruption prosecution techniques in their respective countries in the following areas:

- 1) Inter-agency coordination mechanisms;
- 2) International cooperation procedures;
- 3) Plea bargaining strategies; and
- 4) Cautionary measures that precede a judicial process.

José Carlos Ugaz, former special prosecutor for the Fujimori-Montesinos case in Peru served as the Workshop's facilitator. In such capacity, he drafted the applied exercises and coordinated the exchange of ideas, recommendations and proposals.

At the Program's suggestion, Ronald Tenpas, Associate Deputy Attorney General of the U.S. Department of Justice, also participated at the Workshop as observer and main speaker during its closing session. His presentation—titled "U.S. Experiences on the Prosecution of Public Corruption"—touched upon key topics of the event, such as plea bargaining strategies. This complemented, from a comparative perspective, the main mechanisms and tools promoted by the Program at the event.

The Workshop's major conclusions and proposals were compiled into a "Declaration of Intent to Streamline the Investigation of Corruption and the Recovery of its Proceeds". All attending representatives subscribed the document, which may be consulted at [www.ministeriopublico.gob.pa](http://www.ministeriopublico.gob.pa). It contains proposed guidelines under each of the main subtopics of the Workshop, which are aimed at improving the results of criminal investigations of corruption. It intends to do so, for instance, by revisiting long-standing mechanisms characterized by an excess of formalisms and lengthy procedures.

Following is a summary of the actions, grouped by subtopic, which the Attorneys General's Offices committed to undertake in their respective countries:

#### 1) **Inter-agency coordination mechanisms:**

- Drafting and leading a multi-agency investigative policy on anti-corruption.
- Strengthening personal and institutional contacts with the entities that support their prosecutorial functions (e.g. police forces, Office of the Comptroller General, Financial Intelligence Units, etc.).

#### **List of main participants:**

Juan Luis Florido  
Attorney General of **Guatemala**

Leonidas Rosa Bautista  
Attorney General of **Honduras**

Félix Garrid Safie  
Attorney General of **El Salvador**

Mario Iguarán Arana  
Attorney General of **Colombia**

Ana Matilde Gómez Ruiloba  
Attorney General of **Panama**

Warner Molina Ruíz  
Anticorruption Prosecutor of **Costa Rica**

César Guevara Rodríguez  
Deputy Criminal Attorney General of  
**Nicaragua**

Octavio Lister Henríquez  
Deputy Attorney General of the  
**Dominican Republic**

Hernán Fernández  
Deputy Director of the Anticorruption Unit  
of the Attorney General of **Chile**

**2) International cooperation procedures:**

- Setting up swift collaboration mechanisms and standardizing criteria relative to international assistance requests.
- Establishing direct and personal links among representatives of prosecutorial agencies abroad, regardless of official contacts through other institutions.
- Revisiting legal instruments and privileges, such as political asylum, banking secrecy, and the homologation of evidence, which in practice favor those that perpetrate corruption-related crimes.

**3) Plea bargaining strategies:**

- Endorsing the adoption and strengthening of plea bargaining mechanisms so that they may be used extensively in the prosecution of corruption.

**4) Cautionary measures that precede a judicial process:**

- Promoting the adoption of preventive measures that have to be executed prior to the beginning of a judicial process when there is a risk that the defendants may flee or the illicit funds disappear.

The above recommendations represent a significant step forward towards regional collaboration on the prosecution of transnational corruption. As a first step to put these proposals into practice, the Program will promote its ample dissemination at the next meeting of the Ibero-American Association of Chief Public Prosecutors (Chile, November 6-7).

At the bilateral level, the networking connections that emerged from the Workshop had an immediate impact. For instance, the Attorney General's Office of Panama expedited the process to respond to six legal assistance requests in relation to a corruption investigation led by its counterpart of El Salvador. Panama has already frozen two million dollars deposited in its banking system by a former government official of El Salvador, allegedly involved in this case. The Attorney General's Office of Panama has also offered its support to gather local evidence and to repatriate any illicit funds to El Salvador. Furthermore, the Attorneys General of Nicaragua and Panama reestablished contact to strengthen the case against former President Arnoldo Aleman, his wife and two of his associates, accused of laundering 58 million dollars in Panama.

The Program also edited a DVD (in English and Spanish languages versions) and an analytical memory of the Workshop's proceedings. The latter included an executive summary of the event, a transcript from the remarks of the Attorney General of Panama and the U.S. Associate Deputy Attorney General, a summary of the event's discussions, newspaper clippings, pictures and the "Declaration of Intent". Next quarter the Program will distribute these products among workshops participants locally and abroad.



Regional workshop's main attending parties

**b) Course Certificate (*Diplomado*) on the Criminal Prosecution of Corruption**

Upon finalizing the syllabus of a comprehensive training program for public prosecutors, the Program identified its international and local teaching staff in conjunction with the Institute of Criminology of the University of Panama (ICRUP), the main organizer of the course.

While the course's approach and focus is mainly directed to the training needs of the emerging Anticorruption Public Prosecutor's Office, GOP officials from other agencies (e.g. Immigration Institute) and civil society representatives have enrolled into it (USAID sponsored the registration of 23 of its 43 participants).

The Course Certificate (*Diplomado*), approved by the pertinent authority within the University of Panama, is divided into seven modules, equivalent to 216 academic hours, to be offered, from October 14, 2006 through February 28, 2007. Training components cover the following subjects: 1) Introduction to Corrupt Practices, 2) Public Procurement, 3) Tools and Strategies for the Investigation of Corruption, 4) Forensic Auditing, 5) Money Laundering and Recovery of Corruption Proceeds, 6) Principles of Crime and Oral Trials, and 7) Oral Trials Techniques.

USAID will fund the participation as instructors in this course of three international specialists. Additionally, it would co-offer, through its own full time staff, the course's introductory module.

On August 30, the Institute of Criminology of the University of Panama held an event, with the Program's support, aimed at publicizing the Course. Present at the event were representatives from the University of Panama, the Attorney General's Office and the academic community.

***c) Supporting the reorganization of the Anti-Corruption Public Prosecutors' Offices (Fiscalías Anticorrupción)***

Throughout this quarter, the Program continued assisting the Attorney General's Office in coordinating the activities of its internal Committee responsible for restructuring the Anticorruption Prosecutors' Units (all three Anticorruption Prosecutors and other high-level officials from the Attorney General's Office and the Judicial Police are part of it). In doing so, the idea is to set up a multidisciplinary and inter-agency anticorruption task force. This task's ultimate goal is to streamline anticorruption investigations, improve the rate of condemnatory sentences and increase the recovery of ill-gained assets. Particularly, the Program helped organize a series of sessions to review the status of actions undertaken by each of its three working groups (Technical, Human Resources and Administrative Sub-Committees).

To follow up on the implementation of a new management model, the Program also began the design of an objective recruitment process of the staff who will join a unified Anticorruption Prosecutor's Office. For instance, through an external consultant, the Program assisted the Human Resources Sub-Committee in: 1) Defining mechanisms for personnel recruitment and selection; 2) Designing and carrying out psychological evaluations for aspiring candidates, and 3) Preparing job descriptions of the legal and administrative staff that will join the new Anticorruption Unit. The job profiles of other members of the multidisciplinary team, specifically those to be relocated from the Office of the Comptroller General and other entities, are still pending.

Below is a list of other recent achievements under this initiative:

- The Attorney General Office began to prioritize the workload of the three Anticorruption Units' based on their social, economic and institutional impact. Ultimately, the unified Anticorruption Unit that will emerge from this process will concentrate on investigating high profile corruption cases.
- A draft decree was prepared to merge the three Anticorruption Units into one.
- The Attorney General Office appointed a special prosecutor responsible for taking over low-relevance cases (of an estimated financial loss of less than \$5,000).

***d) Promoting implementation of the United Nations Convention against Corruption***

In early July, the Program worked with the Attorney General's Office in drafting a project aimed at adjusting the domestic legal framework to the standards of the UN Convention against Corruption. Its implementation will be broken down in the following stages: 1) Conducting a preliminary diagnostic on the compatibility of local regulations with the Convention; 2) Initiating public awareness activities to sensitize key decision makers (e.g. members of the National Assembly, representatives of the Judiciary and high level cabinet members) on the need to act on the legal obligations of the Convention; 3) Submitting recommendations to the National Assembly and

other entities to amend, as necessary, the Panamanian legal framework; 4) Training government officials and civil society representatives on the Convention and the adjustments made to the local legal framework; and 5) Monitoring compliance on the implementation of local standards adopted to observe the Convention.

The visit to Panama of two anticorruption specialists from the United Nations Office on Drugs and Crime (see L.L.R. 2.1.2), the Vienna-based entity responsible for advancing the goals of the Convention, assisted in moving forward many of these objectives.



Launching of *Diplomado* at the University of Panama (left) and working meeting of the Restructuring Committee of the Anticorruption Public Prosecutors' Offices (right)

**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.

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

**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.

***Advancing the Program's small grants component***

Below is a list of highlights in connection with the implementation of *Alianza Ciudadana's* grant, which is broken down into its major components.

*a) Activities to disseminate the results of the justice reform process*

*Alianza Ciudadana* organized and/or participated at different events aimed at disseminating the results of the Justice Reform Commission and the role of civil society in this process. It did so by taking part in presentations, round tables, congresses and dialogues held in Panama City and other provinces, as well as newspaper, TV and radio interviews and programs.

For instance, *Alianza Ciudadana* successfully managed to involve womens' organizations, indigenous groups and professional associations in raising their opinions on the draft Criminal Code and Criminal Procedures Code.

*b) Activities to monitor the implementation of recommendations issued by the Justice Sector Reform Commission*

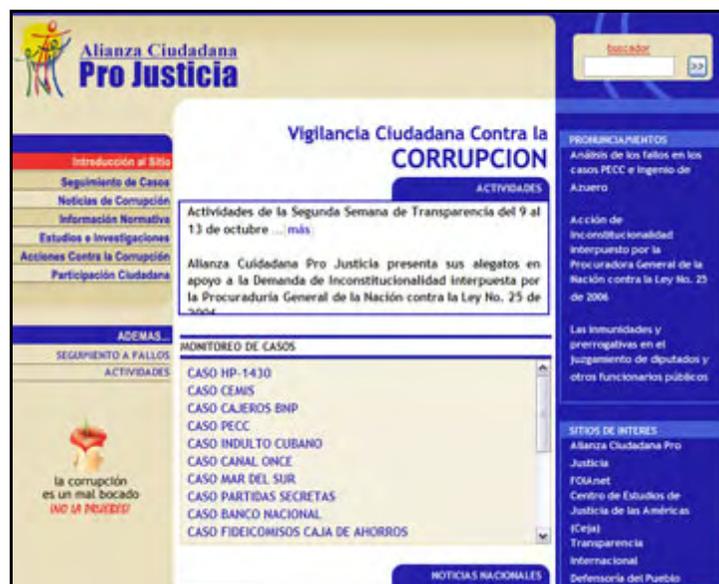
Under this component, *Alianza Ciudadana's* major achievement implied the creation, thanks to its continued recommendations to the President and other high-level GOP officials, of a Technical Secretariat responsible for overseeing compliance with the proposals set forth by the Justice Reform Commission.

*c) Activities to establish a network of civil society organizations responsible for overseeing the prosecution of high profile corruption cases*

The Program assisted its grantee, *Alianza Ciudadana pro Justicia*, in the design and launching of an Internet site which serves as a citizen oversight mechanism. The site, entitled, “*Vigilancia Ciudadana contra la Corrupción*” (Citizens’ Anticorruption Watch) seeks to 1) monitor the status of high-profile corruption investigations, 2) promote citizen participation in the fight against corruption, and 3) disseminate anticorruption information and material.

Through this tool, available at [www.alianzaprojusticia.org.pa/alianzaw/alianzasite/index.php](http://www.alianzaprojusticia.org.pa/alianzaw/alianzasite/index.php), Alianza Ciudadana provides up to date information on the procedural status of 22 high-profile corruption cases. That is, it monitors the actions, or lack thereof, of the public agencies involved in their prosecution and judgment. The site also offers relevant information on the fight against corruption in Panama, updated daily, such as a compilation of newspaper articles, international anticorruption conventions, local regulations and standards, citizen participatory mechanisms, and an interactive mailbox to exchange reactions and comments, among other features.

Alianza Ciudadana signed a cooperation agreement with the Attorney General’s Office to gather case information for the site and attempted to do the same with other GOP agencies, such as the Executive Secretariat of the National Anticorruption Council and the Judiciary. The site was officially launched on August 28. From its inception through the end of the reported quarter, that is, within a two-month period, the site received about 1,800 hits, a significant number for a web based tool of its type.



On-Line Citizens’ Anticorruption Watch

The Panamanian Association of Businessmen/women and *Panama América*, one of the country’s largest circulation newspapers, feature prominent links at their Internet sites to *Alianza Ciudadana’s* Citizens’ Anticorruption Watch.

*d) Other activities*

*Alianza Ciudadana* designed a seminar on "Procedural Privileges for High Level GOP Officials: A Hurdle for the Fight against Corruption" scheduled for October 2006. Its objectives are threefold: 1) Highlighting the bureaucratic hurdles that impede investigations of alleged wrongdoing against members of the National Assembly and the Supreme Court; 2) Demystifying the popular belief that these types of government officials require special prerogatives in connection with the execution of their duties, and 3) Presenting proposals, compatible with the two former objectives, based on international best practices and trends.

To address the latter item, the Program identified and established contact with Rodolfo Vigo, an international expert in the area of ethics in the Justice Sector and, currently, Supreme Justice from the Province of Santa Fe in Argentina. He also co-authored the Iberoamerican Code of Ethics for the Judiciary, approved recently by all Supreme Courts, including Panama's, at their latest gathering in the Dominican Republic.

*Alianza Ciudadana* was also instrumental in disclosing a bill quietly approved by the National Assembly that would exclude the Attorney General's Office—an agency that thus far has proven its objectivity and independence from political forces—from investigating wrongdoing from Congressmen/women. The proposed bill grants authority to the Supreme Court, a highly politicized entity, to investigate and judge allegations of corruption against Congressmen/women. Furthermore, to penalize any potential misconduct on their part, it calls for a two thirds vote of the plenary of the Supreme Court. This requirement is apparently unconstitutional. A simple majority should suffice, as in the case of any other ruling of the Court. *Alianza Ciudadana's* timely warning stirred an important debate in the media and brought about statements from key public opinion makers, such as the Attorney General and other local figures, calling for the President to veto the bill.

Additionally, *Alianza Ciudadana* served as co-organizer of the regional videoconference on the role of civil society in connection with the UN Convention against Corruption described in L.L.R. 2.1.2.

***Promoting the execution of social auditing mechanisms at the local level***

Following a working meeting with a local NGO (CEASPA-*Centro de Acción Social Panameno*), the Program further defined the scope of an initiative aimed at conducting social audits in Bocas del Toro and Veraguas, two of the most underdeveloped regions in the country. Specifically, CEASPA presented for the Program's consideration a preliminary project to conduct, over a one-year period, ten social audits in the Kodri (Veraguas) and Ño Kribo regions, both of which are part of the Ngobe Bugle shire. To promote the sustainability of these efforts, CEASPA, is planning to offer simultaneous hands-on training experience to representatives of these communities. In addition to overseeing the efficient and

transparent use of government funds, this project seeks to instigate continued citizen participatory mechanisms in the region.

Through our small grant component, the Program would be supporting these activities as well as the actual execution of social audits in the field. The anticipated cost of this initiative would be of \$25,000 and would be scheduled to start in February 2007.

### ***Drafting a project to monitor the disbursement and use of proceeds from the Canal***

In late August 2006, the government announced a plan to disburse \$50 million from the Canal's proceeds at the local level. Under this plan, each community board (*Junta Comunal*) would receive up to \$80,000 to fund public works within their jurisdictions. In light of the risks associated with the potential misappropriation of these resources, the Program explored the feasibility of overseeing their use in selected communities through a methodology developed by FUNDEP (*Fundación para el Desarrollo Participativo*), a former USAID grantee with ample experience in this area.

This entails ensuring that they are assigned for the most pressing needs (as identified by the community itself) and that all transactions are conducted transparently and efficiently. FUNDEP presented a revised version of a project in the subject matter in late September. Once it identifies the specific communities where the project may take place, the Program plans to award a small grant subject to USAID/Panama's approval.

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

#### ***Involving the private sector in co-sponsoring public outreach campaigns***

In August, Channel 5-FETV, a local TV channel, began broadcasting –free of charge—a series of 19 one-minute anticorruption vignettes that were donated by the Program with the authorization of their original authors, the Mexican Ministry of the Public Function. These commercial-like films are intended to serve as public service announcements on the pervasive effects of corruption. In light of FETV's national coverage, the vignettes reached a significant percentage of Panama's population.

#### ***Establishing strategic alliances with the private sector***



In conjunction with USAID/Panama, the Program held follow up meetings with GDA applicants in the earlier part of this quarter to elucidate the role of private sector entities in their proposals and to identify the linkages of good governance, accountability and transparency matters within the scope of their projects. Working sessions were held with FETV, the local chapter of Transparency International, the Panamanian Credit Bureau, the National Center on Competitiveness, and *Alianza Ciudadana pro Justicia*.

### ***Reviewing the links between economic freedom and transparency practices***

On September 28, 2006, the Program sponsored a presentation organized by the Association of Panamanian Businessmen/women (APEDE) under the title “Do Free Markets Promote Ethical, Transparent Enterprises?” Dr. Christopher Lingle, visiting professor from the Universidad Francisco de Marroquín in Guatemala, served as its featured speaker. More than one hundred participants attended this event among businessmen/women and high-school students. It was also widely covered by electronic and printed media.

Based on the argument that state failures are behind most of the problems associated with poor corporate governance, Lingle’s remarks explored how free markets may promote the ethical and transparent behavior of enterprises. In Lingle’s opinion, reducing the size of government and its intervention in the economy not only reduces poverty, but it is also the best measure to promote ethical and transparent business practices.



Presentation on the links between the lack of free markets and corruption

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

In accordance with the Mission’s priorities, the Program does not anticipate conducting direct technical assistance and/or training activities to increase the

capacity of the media to report on transparency and anticorruption issues. Nevertheless, in a future stage of *Alianza Ciudadana*'s project (see "LLR 2.3.1 Strong civil society participation and oversight"), a web based site will be launched to promote cooperation between the media and civil society to monitor judicial proceedings of high profile corruption cases.

#### **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 a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

➤ **List of In-Country Training Events**

<b>Training Program</b>	<b>Field of Study</b>	<b>Relationship to the objectives of the Contract</b>	<b>Date</b>	<b>Estimated Cost</b>	<b>Female Participants</b>	<b>Male Participants</b>
Internal Controls Framework (academic and administrative staff of the University of Panama)	Government Auditing	LLR 2.1.6	08/08/06	\$2,059.00	26	21
Internal Controls Framework (internal auditors)	Government Auditing	LLR 2.1.6	08/09/06	\$2,516.94	38	33
Scope and content of the UN Convention against Corruption (judges)	Good Governance	LLR 2.1.2	09/21/06	None	9	13
Scope and content of the UN Convention against Corruption (Public Prosecutors in Panama City and internal provinces)	Good Governance	LLR 2.1.2	09/21/06 and 09/23/06	\$317.79	45	54
Role of civil society in promoting compliance with the UN Convention against Corruption (civil society representatives in Panama and six additional countries)	Good Governance	LLR 2.1.2	09/22/06	\$440.73	52% (estimated figure)	48% (estimated figure)

**Other activities:**

Other project activities throughout this quarter included the following:

***Exploring potential areas of cooperation with the Ministry of Economy and Finance (MEF)***

The Program held an exploratory meeting with MEF's Directorate of Institutional Development, which asked for our support in consolidating the Ministry's restructuring process, launched more than five years ago. Subject to USAID's approval, the Program's contributions to this activity would set the foundations for clearer procedures across the Ministry.

This initiative would be associated to our strategic objectives under "LLR 2.1.4. Systemic government deficiencies identified and addressed in key line ministries". The Program will jointly define with USAID/Panama the scope of its participation on this activity.

***Promoting ethics among university and high-school students***

At the request of the Panamanian Association of Businessmen/women, the Program assisted in the organization of the second PIF on August 22-25, 2006 (Panama's International Forum - [www.panamainternationalforum.org](http://www.panamainternationalforum.org)). This is an event held annually by undergraduate students from the University of Louisville, which gathers college and high school students from other educational centers in Panama and Latin America.

This year, the event had an audience of about 150 participants who discussed an array of topics (e.g. international trade, the Panama Canal expansion and anticorruption) in a role-playing format. For such purposes different committees are formed to replicate discussions in entities such as the UN General Assembly, the Organization of American States, the World Trade Organization and others. Their objective is to compel students to identify solutions that affect their countries and the world as a whole.

On August 28, the Program met with the Forum's organizers to assess its results. The Program co-sponsored this event along with several entities, such as the U.S. Embassy and the United Nations, and offered an introductory presentation on the costs of corruption for the delegates to the Forum's "Summit of the Americas". The participants to this component issued a symbolical pact against corruption for the Americas, where they gathered recommendations and proposals to control this problem.



Panama's International Forum 2006

***Addressing anticorruption considerations before the staff of the National Lottery***

At the request of the Financial Intelligence Unit (*Unidad de Análisis Financiero-UAF*), the Program offered two presentations on “The Cost of Corruption” for the staff of the National Lottery. These discussions exposed its financial management personnel to ethical principles and the economic impact of corruption in the public sector.

The first of them took place on August 28 in the framework of an Accountability Seminar held in Panama City. The second one was organized on September 9 at the regional offices of the National Lottery in Veraguas. Both events featured additional speakers from the Financial Investigations Unit and the Executive Secretariat of the National Anticorruption Council.

***Conducting public outreach activities***

With the purpose of disseminating relevant anticorruption activities conducted with our counterparts, as well as widening their impact, the Program prepared and will publicize in the local media two newspaper notes on the results and recommendations of the Civil Service Congress and Panama's commitments under the UN Convention against Corruption.

***Exposing GOP officials to international best practices***

In collaboration with the USAID mission, the Program identified and extended invitations to GOP officials and civil society representative for the 12th International Anticorruption Conference (Guatemala, November 14-18, 2006). The Conference gathers anticorruption specialists from around the world with the purpose of exchanging experiences and best practices in the subject matter. The two previous encounters were held in South Korea (2003) and the Czech Republic (2001). This year, for the first time since 1997, the event's site will return to Latin America. Its

program includes topics directly related to the investigation and criminal prosecution of corruption.

Originally, the Program invited the three Anticorruption Public Prosecutors and the Executive Director of *Alianza Ciudadana* to this event, but in light of conflictive agendas, only one of them confirmed her attendance. The final list of sponsored participants includes Magaly Castillo from *Alianza Ciudadana*, Rolando Milord from the new Anticorruption Prosecutor's Office and Nelson Rojas from the Solicitor General's Office.

### ***Illustrating civil society representatives on the most appropriate role of the National Anticorruption Council***

Amidst public discussions on the nature of the National Anticorruption Council's responsibilities, the Program discreetly exposed key public decision makers in civil society (*Alianza Ciudadana pro Justicia*) on the disadvantages and benefits of several models of this type of institution. The objective of this activity was to demystify the popular belief that Anticorruption Commission or Councils should be charged with investigative functions.

### **iii. Achievements and Obstacles**

Below is a list of the Program's most relevant achievements this quarter:

- Leveraging a significant amount of funds from international and domestic sources for the implementation of Program activities. These entities included the United Nations Office on Drugs and Crime (UNODC), the U.S Embassy's Narcotics Affairs Section (NAS), the U.S. Department of Justice, the Inter-American Development Bank, the World Bank's Global Development Learning Network and the Canadian Embassy. Furthermore, monetary and in kind contributions were also secured from the private sector in connection with the execution of public awareness activities in the anticorruption field.
- Advancing the process to set up a single and revamped entity at the Attorney General's Office responsible for prosecuting high profile corruption cases. For instance, the Program provided technical assistance in: 1) Defining mechanisms for personnel recruitment and selection; 2) Designing and carrying out psychological evaluations for aspiring candidates, and 3) Preparing job descriptions of the legal and administrative staff that will join the new Anticorruption Unit.
- Gathering the Attorneys General, or their representatives, from nine Latin American countries in Panama to discuss and identify, for the first time through an on-site encounter, best practices in the investigation of corruption and the recovery of ill-gained assets. The workshop's major conclusions and proposals were compiled into a "Declaration of Intent to Streamline the Investigation of

Corruption and the Recovery of its Proceeds”. All attending representatives signed the document.

- Introducing key public opinion makers in government, the private sector and the media to the scope and content of the UN Convention against Corruption. Furthermore, as a direct result of the Program’s contact with the National Assembly, its Government and Justice Committee requested the United Nations’ support in reviewing the proposed Criminal Code to ensure that it complies with the standards set forth by the UN Convention against Corruption. Also, the Program motivated the United Nations interest to jointly prepare a booklet on the scope and contents of the UN Convention against corruption to be distributed among the public at large in Panama and other Latin American countries. The document would be written in simple, non-technical terms, to clearly convey the objectives of this instrument and the role that different stakeholders may assume to promote its implementation.
- Launching a project to “Prevent, Detect and Penalize Corruption within the Judicial Branch” and completing a detailed methodology for its execution, which would culminate with the adoption of an Anticorruption Plan in 2007.
- Advancing citizen participation in the justice reform process and in monitoring the Judiciary’s transparency and performance. For instance, *Alianza Ciudadana* successfully managed to involve women’s organizations, indigenous groups and professional associations in the discussion of the draft Criminal Code and Criminal Procedures Code. It also drew attention to new prerogatives bestowed upon GOP officials, such as a bill that would exclude the Attorney General’s Office from investigating wrongdoing from Congressmen/women. Additionally, the Program assisted *Alianza Ciudadana* in the design and launching of an Internet site which serves as a citizen oversight mechanism. The site, titled, “*Vigilancia Ciudadana contra la Corrupción*” (Citizens’ Anticorruption Watch) monitors the status of high-profile corruption investigations and disseminates anticorruption information and material.
- Supporting the organization of the First National Congress of Human Resources Managers. The event concluded with the adoption of a series of conclusions and recommendations for the proper implementation of a unified civil service in the public sector in Panama.
- Encouraging FETV, a local TV network, to broadcast film vignettes that depict the causes and consequences of corruption in daily life.
- Promoting ethics among college and high-school students by sponsoring the second PIF (Panama’s International Forum - [www.panamainternationalforum.org](http://www.panamainternationalforum.org)). In the framework of this event, the Program offered an introductory presentation on the costs of corruption.

### **Obstacles/Challenges**

Internal differences within the National Anticorruption Council, which were present from its inception, took a dive for the worse this quarter and obstructed in practice the execution of most of its assigned tasks. In accordance with USAID/Panama's directives and in anticipation of more favorable circumstances, Program activities in support of the Council have temporarily ceased. This, however, did not interrupt the continued implementation of other initiatives with some of the Council's members that are directly linked to a national anticorruption strategy.

In regards to the Office of the Comptroller General, the Program submitted this quarter two technical support proposals that sought to reactivate pending activities at this institution, but none of them received a response. Instead, the Comptroller General presented a note requesting technical assistance in the area of government procedures simplification. In the next quarter, the Program will assess the feasibility of providing this type support as it is not regarded as one of the chore activities of a supreme audit institution.

#### **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

#### ***Supporting the National Anticorruption Council***

Subject to USAID/Panama's approval, the Program expects to reactivate activities with the Executive Secretariat of the National Anticorruption Council, specifically those of a preventive and public outreach nature.

#### ***Implementing a project to prevent, detect and fight corruption at the Judicial branch***

As a first task, the Program will conduct interviews and oversee the compilation of local and international best practices on the projects' twelve subtopics. It will also involve international and local implementing partners to support the execution of activities. Simultaneously, it will carry an alternative initiative to provide technical assistance to the Judicial branch aimed at improving the quality and amount of its information available on the web.

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

***Promoting compliance with international anticorruption instruments: the UN Convention against Corruption***

To further promote compliance with the UN Convention against Corruption, the Program plans to conduct two major activities: a) Drafting, in conjunction with the United Nations Office on Drugs and Crime (UNODC), a concise booklet detailing the objectives and scope of the convention in simple terms for a non-technical reader. Its purpose would be to widely disseminate the contents and spirit of the Convention for an audience that would not normally be exposed to, nor be interested in becoming acquainted with this type of document. Additionally, the Program plans to support its publication and dissemination throughout Latin America. The distribution of this type of information would facilitate the ratification and/or compliance with the Convention, and b) Working with the UNODC on providing input and recommendations on the draft Criminal Code to ensure that it fully complies with the UN Convention against Corruption.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

***Promoting the implementation of the Civil Service system***

Assist the Civil Service Directorate, through an external consultant, in the design of a jobs description model and salary tables for the public sector.

***Addressing systemic government deficiencies at the Ministry of Economy and Finance***

In response to a specific request, the Program will consider participating in the restructuring process of the Ministry of Economy and Finance (MEF) to set up clearer procedures across all its sub-units. The Program will jointly define with USAID/Panama the scope of its potential participation on this initiative. An initial activity may include the organization of a high-level encounter with former MEF officials to fully understand the reasoning behind the institutional changes that the Ministry experimented with more than seven years ago. This will clarify the notion of where the Ministry should be heading and why.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

LLR 2.1.6: Key oversight agencies strengthened

***Continued assistance to support the implementation of the strategic plan of the Office of the Comptroller General***

The Program may fund the participation of the Comptroller General at a “Principle-Centered Leadership Workshop” which will take place in Utah on December 4-8, 2006.

***Continued support to the Attorney General's Office***

The Program will continue working along with the Committee responsible for monitoring the restructuring process of the Anti-corruption Public Prosecutors' Offices. For instance, it will provide technical support to finalize the recruitment of the staff that will join the new Anticorruption Unit (but will not participate in the selection itself). It will also launch a Certificate Course on the investigation and criminal prosecution of corruption in cooperation with the Institute of Criminology of the University of Panama (ICRUP).

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.

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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 anti-corruption activities***

The Program will continue supporting Alianza Ciudadana's project under our small grants component and the execution of other initiatives (e.g. revisiting prerogatives bestowed upon high level GOP officials).

It will also sponsor the participation as a speaker of Elias Neumann, an Argentine criminologist, at the National Congress of Criminology organized by the Institute of Criminology of the University of Panama (November 14, 2006). He will offer a presentation at this event on "The Effects of Corruption in Engendering Violence". The main objective of his presentation would be to elaborate on the linkages and positive correlation between high levels of corruption and increasing rates of violence. Subject to his availability, he would hold additional encounters with our counterparts (e.g. Attorney General's Office, the Judiciary) to sustain discussions on the same subject. The Program will only fund Mr. Neumann's travel, lodging and M&IE expenses, and not his honoraria.

To expand our support to other civil society organizations, the Program may award additional grants to other entities for the implementation of social audits and citizen participatory mechanisms in government decision making.

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

### ***Promoting private sector participation in public outreach activities***

The Program will encourage private sector associations, such as APEDE to become involved and co-sponsor the design and launching of public awareness campaigns to highlight the connections between nationalistic sentiments and ethical values. It would resort to public role models, such as well regarded sports figures, to convey the campaign's message.

### ***Promoting financial and technical contributions from the private sector to the fight against corruption***

Subject to USAID/Panama's instructions, the Program may begin administering good governance and anti-corruption initiatives to be implement by public-private sector alliances under USAID's GDA program (Global Development Alliance).

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

In accordance with the Mission's priorities, the Program does not anticipate conducting direct technical assistance and/or training activities to increase the capacity of the media to report on transparency and anticorruption issues. Nevertheless, *Alianza Ciudadana's* new anticorruption website (see "LLR 2.3.1 Strong civil society participation and oversight"), intends to promote cooperation

between the media and civil society by jointly monitoring judicial proceedings of high profile corruption cases.

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 a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

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

In accordance with a new budget scenario and the ensuing Mission's priorities—ratified by the revised scope of work of RPTOP 520-P-06-035—the Program will concentrate on the execution of activities under other LLRs where its contributions are expected to have the most impact.

## **II. Administrative Update**

### **i. DEC**

One copy of the previous quarter's performance report was submitted to DEC

## El Salvador

### Introduction

This quarterly report covering the period July 1, 2006 through September 30, 2006 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, Central American and Mexico (CAM) Transparency, Anti-corruption and Accountability Program.

### I. Technical Update

The TAG Program in its last quarter of FY 2006 continued the process of implementing activities contemplated in the Annual Work Plan under its Strategic Objective, Intermediate Results, Sub IRs, and corresponding LLRs as described below:

#### i. Key Activities

**SO: Ruling Justly: More Responsive, Transparent Governance**

**IR 1 – STRENGTHENED RULE OF LAW**

**Sub IR 1.1: Improved Transparency and Efficiency of Judicial Processes**

**LLR 1.1.1: Promote transparency, efficiency and understanding of judicial processes**

During this reporting period the TAG Program concentrated primarily on activities 2 and 3 of the LLR 1.1. working closely with the National Council for the Judiciary and the Judicial Training School, holding meetings with its representatives, and defining specific tasks regarding the technical assistance planned to this institution.

**Technical Assistance to the National Council for the Judiciary (*Consejo Nacional de la Judicatura (CNJ)*):** As indicated in our previous QR, the program continued conversations towards the consolidation of the requested technical assistance to design practical modules for the Judicial Training School. A total of approximately eight meetings were held with the CNJ, resulting in the identification of short and medium term executable tasks, definition of the terms of reference (TOR) and the invitation for presenting proposals to 5 international consultants. The two projects identified were:

- 1) Design of an Instructional Module on Ethics and Judicial Transparency:** The objective of this module is to improve the professional knowledge of magistrates, judges, personnel of the judicial sector, officials and employees of the public ministry and other sectors related to the justice management system in the area of Judicial Ethics and Transparency and the

Inter-American Convention against Corruption (ICAC). Having the Judicial Training School include this course module in its curriculum (which contains techniques to teach the course and effectively use the supporting materials) strengthens the understanding and application of ethics and transparency in the justice sector regarding the national and international norms.

**Invitation to International Consultants to present proposals for the preparation of the Instructional Module on Judicial Ethics and Transparency:** The TOR to invite international consultants was prepared, in coordination with the CNJ and USAID. The TAG/CNJ invited the following jurists of international experience and experts in ethics, transparency and anticorruption consultants to present proposals:

- a) Jorge Malen Seña, (Spain)
- b) Mario Alberto Portela (Argentina)
- c) José Manuel Arrollo, (Costa Rica)
- d) Teodoro Pérez, (Colombia)
- e) Moisés Rodríguez, (Puerto Rico)

Once the proposals are received, the selection of the most appropriate candidate will be carried out by the TAG Program in consultation with the representative of the CNJ and USAID.

## **2) Design a Transparency Indicators System for the Judicial Sector**

As indicated in our WP, the TAG Program started some consultations with the CNJ to accomplish the task of designing a baseline transparency indicators system to pin-point areas lacking transparency and efficiency for the justice sector. For this purpose, during this reported period, three meetings were held with a well known international consultant named Mr. Juan José García de la Cruz Herrero, Professor of Sociology in the Autonomous University of Madrid, and assistant of Professor José Juan Toharia, one of the most prestigious sociologists in Law.

The general objectives of this work will be a) to develop an investigation that will determine in a scientific, rigorous and objective way, the indicators that will allow to profile the reality of “probity” in the Salvadoran Judicial Sector, and b) to detect social barriers that obstruct the transparency and the practical application of the Rule of Law values. The specific objectives will be: a) to select indicators that allow to measure today’s probity and its evolution in the following years, b) to design a methodology that allows for the development of this measure in a representative way in all the sectors of the Salvadoran Judicial Branch, c) to carry out the corresponding field work and d) to prepare a report and findings obtained from the data.

**Participation in the inauguration of the program of initial training for judges of the CNJ:** The TAG program was invited to participate in the inauguration of the third promotion of the initial training for judges. This ceremony was attended by the heads

of the three powers of the State. During their speeches, the President of the Republic, the President of the Supreme Court and the President of the National Assembly, coincided that the CNJ and the Judicial Training School are key institutions to improve the administration of justice in El Salvador.

As a demonstration of commitment, the newly accepted students (35) signed a Memorandum of Understanding with the institution, through which they promised to attend full time during the entire training cycle.

**Promoting knowledge on the Inter-American Convention against Corruption in the Judicial System.** With respect to the ICAC conferences with justice operators held in June, the TAG Program completed the report that was pending.. This document presents a summary of the presentations and working meetings carried out from June 6 to June 9. The TAG Program dedicated that week to spreading the knowledge and the analysis on the Convention. Once the final report document is approved, it will be presented publicly in order to serve as reference material to the participants of the activities and to those interested in the study of the ICAC.

## **IR 2: Greater Transparency and Accountability of Governments**

### **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**

The TAG Program continued to work in this LLR, promoting and supporting more participatory and transparent local development processes.

#### **Promoting the National Enabling Environment to increase Local Government Level Responsibilities, Resources and Decision- Making.**

- 1. Support the design of a proposal for “Local Development Financing through Municipal Property Tax”:** Supporting the National Agenda for Local Development that is being implemented by CONADEL<sup>3</sup>, and based on Activity 1 of the LLR 2.2.1, by mid July the TAG program hired the national consultant Dr. Rommel Sandoval, (at the same time Dr. Alvaro Trigueros and Mr. Carlos Molina were hired by other donors) to be part of a technical team aimed to carry out research and prepare a “Local Development Financing through Municipal Property Tax” proposal, under the coordinated effort of the TAG Program and RECODEL<sup>4</sup>.

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<sup>3</sup> National Commission for Local Development

<sup>4</sup> Donors network for local development

During the quarter, several planning meetings took place between the consultants and CONADEL's technical committee to provide the corresponding follow-up to the consultancy and the following main issues were reviewed:

- Discussion and feedback meetings with key institutions related to the subject: *Centro Nacional de Registros (CNR)*, COMURES, ISDEM, *Ministerio de Hacienda*, etc.
- Revision of national and international documentation on the subject.
- Revision of comparison of Latin America and Spanish legislation, as well as previous national proposals on property tax.
- Revision of 26 initiatives of the Municipal Tributary Law and 60 Municipal Ordinances of El Salvador, to base the legal feasibility study and the development of the proposal.

With the previous input, the technical team in three review meetings presented CONADEL with the following products:

- A legal analysis comparison on the establishment of property tax, assets and liabilities, generating facts and other tax characteristics.
- A first draft of the preliminary plan of the Property Tax Law, which contains 8 titles, establishing municipal competency, tax destiny, generator fact, tax bases and exceptions.
- An amendment of the FODES<sup>5</sup> Law has been review and proposed, including transparency criteria for resources utilization.

In the following months, it is expected that CONADEL, based on the proposals, will begin a consultancy and political negotiation process in order to articulate consensus and the necessary support to the initiatives proposed and to be able to finish the consultancy.

2. **Follow up and support to discussion meetings on instrument formulation and policies of decentralization and local development:** As a part of the coordination and preparation strategy with various national efforts that are being developed on the subject, the TAG program has maintained a permanent and active participation in the various spaces of formulation of instruments and discussion of decentralization policies in El Salvador.

**Advocacy Group:** This space of technical discussion led by the TAG Program, is composed of a variety of international technical cooperation and other institutions, among which are PNUD and GTZ, national institutions related to local development such as ISDEM and FISDL, Central America University (UCA), the Planning Office of the Metropolitan Area of San Salvador (OPAMSS), the Municipalities Association (COMURES) and the National Foundation for Development (FUNDE), among others.

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<sup>5</sup> Fund for Economic and Social Development (Government transference to the municipalities)

This forum is considered an open and flexible network of institutions and organizations that work mainly on subjects such as local development and decentralization, and its main objective is to discuss and contribute to the formulation of technical instruments that strengthen municipal public management, affecting its efficiency, transparency and governance.

During the year and in mainly this reporting period, a methodological proposal of an **Instrument of Self-Assessment for Municipal Management** has been formulated with general consensus by the Advocay Group and the TAG technical team, which consists of a series of management indicators that will allow for measuring the degree of efficiency and municipal governance. Compared to other instruments in Latin America, this has been methodologically developed by the same municipality who implements it and its becoming a management instrument for the municipal council. Another important factor of this instrument is that it allows for a deeper analysis and evaluation of different areas of the municipal management. Based on this and in coordination with the Advocay Group, the TAG program expects to develop in the near future a specific Assessment of Municipal Transparency instrument.

Continuing with the process, during next quarter, the Advocay Group expects to be able to validate this instrument in various municipalities in order to obtain feedback and adjust it to diverse categories of municipalities.

**RECODEL:** During the current reporting period and as a part of periodic follow-up meetings of the network, the TAG Program participated in two meetings. During the first meeting, a proposal for re-adaptation of institutional mission to support public policies related to local development of the Social Fund Investment for Local Development (*Fondo de Inversión Social para el Desarrollo Local* (FISDL)) was discussed; the second meeting, was of a more political nature, due to the presence of representatives of the major opposition party of El Salvador (FMLN), who expressed its opposition on diverse events and aspects related to the municipal work. At the end of both meetings and in shared effort, an analysis and re-thinking was made to promote further efforts to support local development in El Salvador.

**CONADEL:** With CONADEL, for strengthening the implementation of the National Agenda of Local Development the Program is promoting and coordinating a consultancy on **Local Development Financing through Municipal Property Tax**, and worked closely with this institution in the identification of possible areas of cooperation of the short and medium term, to further support this effort, and is currently providing technical assistance for the updating of the National Agenda of CONADEL and the drafting of an Action Plan, activity that is aimed to take place in the beginning of next quarter, as well as it is expected that with USAID approval, a cooperation agreement or letter of understanding to formalize the support to this Presidential Commission will be established.

## **Enhancing Local Government Capacity to Undertake current and any Future Responsibilities in a more Transparent Manner**

1. **Rapid Assessment to analyze the current Municipal System of Transparency in El Salvador.** For the development of this assessment the TAG Program worked intensively in the following stages and activities:

- **Workshops and visits to key institutions related to the subject:** As mentioned in the previous quarterly report, field visits and workshops were carried out in several key institutions such as: COMURES, FISDL, Court of Accounts, Municipal Commission of the General Assembly, NGOs for local development network, and others.
- **Workshops and visits to Municipal Governance and Civil Society:** In July the TAG Program and the consultant carried out field visits to 5 municipalities that developed successful practices of citizen participation and transparency, selected during the workshops and visits to key institutions and organizations carried out in the previous quarter. The municipalities identified were: El Carmen, Cuscatlán (ARENA), Concepción Batres, Usulután (ARENA), Santa Tecla, La Libertad (FMLN), Ahuachapán (ARENA) and San Antonio del Monte, Sonsonate (CDU).

Separate meetings were carried out in each municipality with members of the municipal government and key employees of the major hall, as well as civil society and community leaders.



The main objective of these meetings were to get the vision of the municipal government, civil society participation and transparency processes developed in each municipal management; identify implemented mechanisms, characteristics and qualities that single them out as successful; the role played by the municipal government, civil society, private sector, etc., as well as to identify the main obstacles in its implementation and aspirations and the challenges of transparency in public management of the municipality.

An important action developed with the members of the municipal governments was to know directly from them the degree of knowledge of the new reforms to the legal municipal framework related to transparency, ethics and accountability as well as to identify areas and procedures to the interior of

the municipal management considered susceptible and prone to few transparent actions and possible mechanisms of correction.

During these visits the TAG team met with approximately 30 officials and municipal employees and around 50 local leaders of the civil society.

- **Follow up, compilation and processing of the municipal management survey:** As a part of the investigation process and as reported in the previous quarter, a survey form was designed and sent to the 262 municipalities of El Salvador. The objective of this survey was to identify the various mechanisms and tools of citizen participation being implemented.

During the current quarter being reported, the TAG program worked on the follow-up and consultancy for the completion of the instrument as well as the compilation and processing of the results. At the end of the quarter the TAG Program had the information of 201 municipalities, representing 77% of the total of municipalities of El Salvador. It is important to mention the support provided by the allied institutions such as FISDL, COMURES, ISD, PROBIDAD and NGOs network for local development as well as the fact that the information compiled is especially important by being unique in its theme and in the dimension of the sample.

- **Interpretation, analysis, and report of findings:** With the compiled information in the first stages of the assessment, a process of interpretation, analysis and discussion of the results began, which were discussed among the TAG Program technical team to identify its approach and the proposal to develop the final report. By the end of the quarter being reported, the TAG Program jointly coordinated with the consultant advance in the definition and writing of the conceptual framework of the assessment, the analysis and discussion of main findings of the workshops and meetings with the institutions, municipal governments, civil society, as well as the processing of the municipal surveys compiled at the moment.

- **First validation workshop and feedback of the assessment:** With the purpose of assuring the objectivity, quality and contribution of the various sectors related to local development, the TAG Program established a participative mechanism of validation and continuous feedback of preliminary results and especially with the contribution and proposals for future implementation of the assessment. For this and with the preliminary results obtained, the TAG Program invited the member institutions of the Advocay Group to a first validation, extending the number



Consultant Mr. Marcos Rodríguez, during the first validation

of institutions dealing with the topic.

In the first workshop 16 institutions participated on the subject, among which were: UNDP, GTZ, FISDL, ISDEM, FUNDE, PROBIDAD, ISD, Court of Accounts, Democratic Governance Office<sup>6</sup> and the Presidential Technical Secretary (STP)<sup>7</sup>.

The workshop consisted of the presentation of findings and preliminary proposals of the assessment, as well as the opportunity for receiving feedback, comments and punctual precisions of participant institutions. It is important to mention that the workshop resulted in high interest showed by the participants, the recognition of the contribution of the assessment, and above all, the workshop generated a high expectation for the final results and proposals.

By the end of the quarter, the incorporation of comments and contributions extracted from the validation workshop advanced, as well as the writing and construction of the programmatic proposal to strengthen transparency in the municipal management.

- 2. Technical support to COMURES:** In line with TAG Program objectives, during the reporting period, two meetings with COMURES were held to identify areas of cooperation based on the strengthening and implementation of the new reforms to the legal municipal framework related to ethics, transparency and municipal management. At the end of the quarter COMURES presented a first draft of a project to be discussed by our Program and expected to be financed by the TAG as well.

### **Sub IR 2.3: More Opportunities for Citizen Participation in and Oversight of National and Local Government Decision-Making**

#### **LLR 2.3.1: Expand opportunities for civil society participation in an oversight of national and local decision-making processes.**

**Evaluation of pre-qualified proposals:** As a result of the evaluation process, four proposals were sent to USAID for approval:

- **FUNDE:** Strengthening of institutional capacities to apply the municipal code reforms geared towards transparency.

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<sup>6</sup> Office managed by the Presidential Commissioner for Democratic Governance, Dra. Gloria Salguero Gross, CONADEL's Coordinator.

<sup>7</sup> Presidential secretary responsible for the preparation and planning of policies, programs and projects of the government of El Salvador.

- **OEF: “Participative, documented and transparent construction of the first gender sensitive budget of the Office of Public Defender (*Procuraduría General de la República (PGR)*)”.**
- **ISD: “Municipalities in line with transparency”**
- **Department of Sociology and Politic Science (UCA):** Proposal for the improvement of accountability in the public sector of El Salvador.

As a result of the various meetings between USAID and the TAG Program, it was decided to carry out another revision of the proposals with major technical and political feasibility to be successfully executed and which could anticipate good results, (the vast majority of proposals presented by civil society organizations lack quality and did not meet the established requirements), and institutions such as IUDOP, FUMA and FESPAD were invited to hold meetings to reframe the proposals, given as a result of the following projects:

- **IUDOP:** Survey to measure the perception of transparency in El Salvador from the perspective of public officials.
- **FESPAD: Support program for the application of Government Ethics Law.**
- **FUMA: Social Auditing to the model of management and provision of the Solidarity Health Fund program (*Fondo Solidario Para la Salud (FOSALUD)*) implemented in El Salvador.**

As observed, two proposals are aiming to promote transparency at the local level, with national perspectives and access to information and citizen participation .

The proposals from IUDOP, FESPAD and UCA refer to the corruption phenomenon and the lack of transparency in a quite integral way and it is anticipated that the

results of these projects will enrich the work of the Governmental Ethics Tribunal (*Tribunal de Ética Gubernamental*), since it will generate valuable input to make a more qualitative work as it is mandated.



The proposal from OEF is basically budget monitoring projects of a public institution. Upon USAID approval, the Program expects to support these civil society organizations in the implementation of their projects.

## **1. TAG Program reassures relationship**

**with Salvadorian Foundation for the Economic and Social Development (FUSADES).** At the request of FUSADES's Legal Studies Department, the TAG Program made a presentation on the application and follow-up of the Inter-American Convention against Corruption (ICAC) in El Salvador. During the meeting aspects such as the initiatives promoted by the Salvadoran State on fulfilling the Convention were revised. This has turned out to be one of the main challenges of implementing the ICAC. During this meeting, apart from the Legal Studies Department's personnel, there were also members of FUSADES's board present. This activity served to strengthen relations with FUSADES and to identify some opportunities to work closely with the TAG Program.

- 2. Preparation for participation in the TI 12th Anticorruption World Conference.** The TAG Program continued with the arrangements to guarantee the participation of a Salvadorian delegation in the 12th Transparency International (TI) Anticorruption Conference to be held in Guatemala from November 15 to 18, 2006. Among the delegation members that the Program TAG technical team plans to send to Guatemala are two representatives from FUSADES, Probidad and high level officials of the Salvadoran Government. To promote the importance of this event, the invitations for this Conference were personally signed by the Director of USAID, Ms. Deborah Kennedy-Iraheta, and sent to the selected participants. In total, the delegation will be made up of 17 participants. At the same time, logistic and administrative steps have been taken to guarantee the participation of this delegation in the Conference. Also, an introductory workshop has been planned for November 10, as well as a briefing for the participation in the Conference.
- 3. Follow-up to anticorruption coalition building:** The TAG Program continued its process of design, to support a civil society coalition program involved in initiatives of transparency in El Salvador. A proposal was designed based on a process of consultation and feedback from different organizations that have had experiences of joint work. The proposal designed was submitted for USAID's review, and coincides with the Activity 1 of the LLR 2.3.1 objective to strengthen CSO capacity in order to work on alliances under a transparency approach. The proposal also includes three components: training, technical assistance and fund raising. Additionally, the TAG Program accompanied and supported the *Espacio Anticorrupción* (comprised of CEMUJER, ISD, Probidad, and FUMA) in most of its coordination meetings.
- 4. The Mexican Experience on Citizen Oversight and Watchdog:** The Salvadoran Foundation of Integral Support (FUSAI) requested a meeting with the TAG Program to expose the initiative of a Citizen Oversight Program in Mexico, and to be reproduced in El Salvador by the organizations FUSAI, FESPAD, FUMA, ISD and Probidad. This interesting initiative derives from the experience developed in the Federal District of Mexico in which citizens take part in the follow-up of transparent processes of the management of the Municipal Government of Mexico City.

## **Sub IR 2.4: Accountability of Elected and Appointed Officials Improved**

### **LLR 2.4.1 Accountability of elected leaders improved and ethical values promoted more efficiently**

**Rapid Assessment on Internal Control at the Public Defender's Office:** The TAG Program and Public Defenders Office (PGR) shared communication for coordination on support in internal control, ethics and transparency. As follow-up to the assessment designed for the Public Defenders Office, the TAG Program keeps close contact with the Strategic and Organizational Planning Unit in order to assist in pin-pointing some possible operative areas in which the institution can introduce improvements of transparency. Once these areas are identified and priorities established, the TAG Program plans to provide technical assistance to initiate a supporting plan to the PGR.

During this upcoming period, the Program, after of USAID's, input, will review the PRG report and streamline the document identifying those feasible activities to provide the PRG with corresponding technical assistance.

### **ETHICS VALUES WEEK**

The Program in an alliance with two very important organizations, FUSADES and FUNDE, and the support of the Public Affairs Office of the US Embassy, supported the organization of an "Ethics Values Week" aimed at promoting and creating awareness of the importance of ethics.

To strengthen this initiative, the Program contacted the Casals' Office in Colombia and after obtaining full support from the Director, Ms. Christina Shultz, one of her staff members Mr. Teodoro Perez, expert in Ethics, was brought to El Salvador. The other consultant, Ms. Rosa Ines Ospina-Obrego, was also brought to the country recommended by Mr. Stephen Potts, former Chair of the US Government Accountability Office and actual President of the Washington Ethics Resource Center. Ms. Ospina was vice-president of Transparency International, the leading world organization in fighting corruption.



The following is a chronological description of the activities that took place during that week and enlightened the importance of ethical values across all sectors of the Salvadoran society.

## **Friday, September 22<sup>th</sup>**

**Press Conference at FUSADES:** Both organizations, FUSADES and FUNDE held a press conference to announce the upcoming week of events. The press conference was attended by various television and written media journalists. The President of FUSADES and the Executive Director of FUNDE were the main speakers at this event.

## **Monday, September 25<sup>th</sup>**

**Ethics Values Week Opening:** FUNDE's executive director, Roberto Rubio, FUSADES's president Antonio Cabrales and US Ambassador Douglas Barclay were in charge of the inauguration of the Ethics Values Week. After the opening act, there was a press conference in which the media had the opportunity to interview the representatives of the three institutions. During the conference the representatives expressed their motivations and expectations for embarking on such an initiative.

On the same day, two academic conferences were presented. The first of these conferences was "Public Ethics and Good Government in the Construction of State Trust", which was held by the Colombian public ethics expert Teodoro Perez. Meanwhile the second conference named "Rule of Law and Ethics Institutionally" was held by Rommell Sandoval, Salvadoran consultant with wide experience in judicial and legal topics. These two conferences were attended by about 75 participants from the government, diplomatic bodies, civil society and the media.

The conference on "Public Ethics and Good Government in the Construction of State Trust", was carried out on the afternoon of September 25 and was coordinated jointly with the National Council for the Judiciary. The keynote speaker in the conferences was again Teodoro Perez. Also, Salvadoran jurists Francisco Díaz and Sidney Blanco delivered a speech. The target audience of the conference was judicial functionaries, and about a total of 135 individuals participated in the activity.

Teodoro Perez made reference to subjective aspects of human nature which regulates ethical behavior and also provided comments on the newly approved Governmental Ethics Law. During his presentation, Francisco Diaz referred to the importance of ethics values in the conduction of governmental labor. Meanwhile, Sidney Blanco gave a summary of some judicial instruments that include regulations and the strengthening of ethics in the public function and that are applicable to the Salvadoran State.

## **Tuesday, September 26<sup>th</sup>**

**Roundtable discussion with members of the media on ethics:** Considering the Media of high importance in the promotion of ethical values, both in the exercise of its profession and in the public function, the organizers held a meeting with some members of the Media. The conversation allowed for analyzing questions as the fulfillment of the Ethics Code for Journalists of El Salvador, the defense of the rights

of the informants and recipients of the press media, the enforcement of the journalistic functions, objectivity and impartiality, as well as the need to regulate the exercise of access to information. Fourteen people took part in this activity.

**Tuesday, September 26<sup>th</sup> / 27<sup>th</sup>**



**Workshop Trainers of trainers:** For two consecutive days a workshop was conducted on "Strategies for the incorporation of public ethics in the organizational culture". The objective of this workshop was to introduce and get acquainted with the new Government Ethics Law by the various representatives of key public institutions to motivate them to promote the practice of ethical values in their institutions. The

workshop was given by Teodoro Perez.

Simultaneously, the workshop allowed the participants to come closer to different conceptions of ethics and how they can help to interpret the individual reality. Also, the workshop provided the opportunity to review ethical foundations and how these are prescribed in the Government Ethics Law and its importance for the construction of social relations based on confidence. The methodology of work proposed by Perez for the development of ethics in government offices is based on the manual "Model of Ethical Management for State Entities", which was edited by USAID/Casals Colombia. A copy of this manual was given to each participant in the workshop. During the course of the workshop, the idea of the development of several tools that allow for establishing a baseline of ethics in the interior of the institutions was brought up, and the attendees began to explore possibilities of how these ethical commitments could be adopted by each organizational area.

The 27 participants were representing the Government Ethics Tribunal (GET), institutions of the judicial sector, organizations of civil society counterparts of the TAG Program, and the Executive Branch, among others.

Thursday, September 28<sup>th</sup>

**Conferences "Importance of ethics in the consolidation of democracy"**

**Keynote speaker: Rosa Inés Ospina-Robledo**

**Audience: 116 Persons**



Highlights of Presentation:

- The fight against corruption is not synonymous with ethics. Ethics involves a series of aspects beyond corruption. It is important to recognize it and to work on the "Ethics of the public issue".
- It is necessary to create a National Integrity System, based on values and a public conscience that considers as a fundamental premise the sustainable human development, a better quality of life and the fulfillment of laws. This Integrity System should be shaped by the following big pillars: Legislative Branch, Executive Branch, Judicial Branch, Control institutions, Mass media, Civil Society and Private Sector.

It is important and fundamental to work on transparency as an incentive for efficiency because:

- It allows for discussion and analysis in the interior of monopolistic institutions.
- Generates competition for social acceptance by citizens.
- Generates a few mechanisms of self-control that improves the quality of services.
- It is defined as a fundamental condition for the processes of political and administrative decentralization of the State.

Challenges in El Salvador:

- Consolidate the right of access to information: to guarantee access to information, regulate the limitations allowed in access to information.
- Propitiate and contribute with incipient efforts of accountability of the Salvadoran State, to convert the Government Ethics Law into an effective instrument for the construction of democracy.
- Expand and strengthen an organized civil society with the capacity to exercise social control for public interest matters.
- Contribute to the process of implementation and spreading of good practices of the state and the civil society.



**Panel members:**

- Dra. Evelyn Jacir de Lovo, President of the Consumer Defender Office.
- Dr. Roberto Rubio, Executive Director, FUNDE
- Lic. Juan Héctor Vidal, Adviser, ANEP.
- Lic. Ricardo Chacón, Chief Editor, El Diario de Hoy
- Lic. Roberto Vidales, Adviser, FUSADES.

**Panel member's commentaries:**

**Lic. Roberto Vidales - FUSADES**

1. The main problem to solve is the establishment of a real democracy, where the law crosses the moral issue and is not understood as an obstacle for human and social development.

**Dr. Roberto Rubio - FUNDE**

2. It is necessary that the new Government Ethics Law covers all sectors of society, including NGOs and other organizations of civil society.
3. With regard to the new Government Ethics Law:
  - a) It is necessary to do conceptual precisions.
  - b) Move forward in the institutionalization of the law and support its budget.
  - c) To advance in the construction of the law regulation.

**Dra. Evelyn Jacir de Lovo - Consumer Defender Office**

4. It is necessary as a main point to offset the "culture of the fraud" commanding in El Salvador and also to turn this fight into a daily activity.
5. Public policies need to be formulated that are real state policies and that can be implemented beyond the period of the governments in turn and that, in addition demand and take the commitment of the diverse sectors of the society.
6. It is a necessary for major management of the "public interest", there are required performance indicators and a degree of satisfaction of the service given to the user by public institutions, as well as the appraisal of the public efforts and maturity to deal with and to support incipient processes.
7. Strengthening and democratization of the private sector is necessary, by means of a real managerial ethics that respects the balance of the supplier and the consumer.

**Lic. Ricardo Chacón - Diario El Mundo**

8. Institutions need to be strengthened and more transparent, just like the application of the law.
9. In a country, the Media has improved in denouncing and disclosing information on improper acts, however, it is necessary to have great public and private information to allow the media to cover the news with more accuracy, credibly and ethical values.

**Lic. Juan Héctor Vidal - ANEP**

10. El Salvador is living a virtually corporative state, where economic and political reforms have taken place, and where the good ethical practices are colliding with those “ethics” of the economic interests.
11. The deregulation of the market doesn’t necessarily lead to increased levels of transparency and ethics. "In the name of the market crimes have been committed in excess and today we are paying for it".
12. A new culture of national integrity needs to be created.

**Thursday, September 28<sup>th</sup>**

**Conversation workshop: “Ethical Values”**

**Keynote speaker: Rosa Inés Ospina.**

**Participants: 40 students/Scholars of the Program of Judicial Formation**

Outline of the workshop:

- Reflection about " Ethics of public interest"
- Transparency and Accountability
- Construction of a National Integrity System.

**Thursday, September 28<sup>th</sup>**

**Training Workshop "Formation on ethical values: from have to be... to want to be"**

**Keynote speaker: Teodoro Perez.**

This training workshop was developed in Salon Tecana of the Hotel Tolteka, City of Santa Ana. During the activity academicians and students from three different Universities participated, as well as employees from the City Hall of Atiquizaya and some civil society representatives.



Participants mostly were students of the Law Faculty, Business Administration and Journalism that belong to different Universities in Santa Ana. A total of 109 participants took part in this Ethic Values Training. The event in reference generated the commitment of students to spread its content by publishing in the different local magazines and newspapers.

### **Friday, September 29<sup>th</sup>**

#### **Conversation workshop: "Role of the Public Ethics Offices: International experiences"**

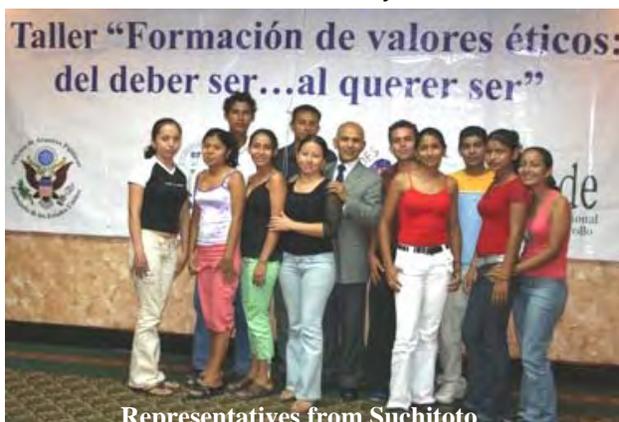
**Keynote speakers: Teodoro Pérez and Rosa Inés Ospina**

Different members of the Government Ethics Tribunal elected by the Legislative Assembly and other institutions participated in this workshop, such as Lizzete Kury of Mendoza, Jorge Viales and Auristela de Callejas, as well as some political party deputies of the Legislative Assembly (such as Milena Calderon from ARENA, Gerson Martínez and Sigfrido Reyes from FMLN and Antonio Almendáriz from PCN among others. A total of 57 people took part in this activity.

During his presentation Teodoro Perez emphasized that in a country where development of the ethics rules has not existed, the connection between culture, law and ethics is rare. The task for any Ethics office, as for the State, is to align those three factors.

Teodoro Perez mentioned that the existence of the ethics principles contained in the national legislation demands the development of concrete activities and specific projects to become practical, referring to the need to mix public ethics with organizational culture.

During this presentation there were very favorable comments from the participating deputies and other guests as well. For example, deputy Calderon and deputy Almendariz agreed that this had been an event that the Assembly should consider of high importance and they should organize similar conferences for the entire members of the Assembly.



### **Friday, September 29<sup>th</sup>**

**Workshop " Formation of ethical values: from have to be... to want to be " Keynote speaker: Teodoro Perez  
Salon Liverpool, Hotel Hilton Princess, San Salvador**

This conference was geared towards students from the Economy and Business School (ESEN), as well from

Francisco Gavidia University, Technological University and also Associations of the municipalities of Suchitoto and San Martin.

During the workshop, Teodoro Perez referred to the different ethical principles established in the Government Ethics Law, mentioning the need to develop a pedagogic strategy taking as a fact that it is pertinent to stimulate a process of change in the organizational culture. A total of 94 students attended this training event.

**Lunch with members of the Government Ethics Tribunal (GET).** On Friday the 29th a lunch was organized for the members of the Government Ethics Tribunal, the President and Executives of FUSADES, USAID, the TAG team and the two consultants from Colombia.

The results of the week events were discussed, and it was considered a real success based on the personal opinion of Antonio Cabrales, President of FUSADES. He offered the support of the Legal Department for any need the GET would have in reference to legal matters. At the end of the lunch, both consultants were given a medal from FUSADES that symbolizes the signing of the Peace Accords in El Salvador.

**Participation in the press media:** Different press media opened spaces so the representatives of FUNDE and FUSADES and the consultants Teodoro Perez and Rosa Ines Ospina share their perceptions and knowledge on the subject of ethics in general and how this one is applicable to the reality of El Salvador. The media that participated was La Prensa Gráfica, Diario Colatino, Radio Femenina and the online journal El Faro (Programa Foro País), Radio 102.9, Radio Chaparrastique (of the department of San Miguel) and an interview Frente a Frente transmitted on channels 2, 4 and 6.

**General conclusions of the Ethics Values Week:**

1. In general terms, the topic was located in the national agenda and addressed by the written press, radio and television.
2. The strategic relation between the Transparency and Governance Program with FUSADES and FUNDE was consolidated.
3. In this process FUNDE and FUSADES were strengthened in the topic of ethics.
4. As result of this joint initiative the institutions made a commitment to stimulate a systematic work to continue in the development of activities that promote public ethics.
5. FUSADES demonstrated its support to the Government Ethics Tribunal by offering the support of its Department of Legal Studies.

6. The issue of Ethics was widely spread across all branches of Government and Government institutions.
7. A total of 665 individuals from different sectors participated in the activities, 362 were trained and 303 sensitized in Ethical Values.
8. Based on the promotion of ethical values, the Legislative Branch expressed its interest in conducting similar training for all Assembly members.
9. The Government Ethics Tribunal has been exposed to the public eye and its newly elected member trained and had the opportunity to establish links of cooperation with other different instances of the Government and civil society.

**Sub IR 2.4: Accountability of Elected and Appointed Officials Improved**  
**LLR2.4.2: Accountability of appointed officials improved**

**Consumer Defender Office (*Oficina de Defensoría del Consumidor*):** After several meetings and many subsequent approaches for the improvement of a project proposal, a Letter of Understanding between Casals & Associates, Inc. and the Consumer Defender Office was signed, for the design and implementation of the Letters of Rights (*Cartas de Derecho*) to the users of public services.



It is important to mention that the Letters of Rights for the users will be implemented in 10 public institutions, such as hospitals, municipalities and others. These Letters of Rights are a very useful accountability mechanism because they are created with the support of its members of the public institution that are committed to the quality of attainable standards. The identification of the mechanisms of execution as well as the identification of pursuit and systematization mechanisms will be done the following quarter.

**Participation in the inauguration of the V Latin-American Forum – Government Agencies for Consumer Protection:** The Program participated in this event that the Consumers Defense President led over the V Latin-American Forum. The event was carried out on August 28th and 29th in San Salvador with the participation of 18 delegations from Latin America, the United States and Spain.

The development of the V Latin-American Forum in El Salvador is a result of the recognition given by the international community of the efforts made by the Salvadoran Government on the protection of consumer rights.

The event that aims for the harmonization of policies and actions, as well as the development of joint projects at the regional level in the consumer protection area was inaugurated by the President of the Republic, Mr. Elías Antonio Saca.

The president of the Consumer Defender Office announced that one of the greatest joint actions resulting from the Forum were the subscription of the Users' Letters of Rights for Telephone Services, which could face one of the most difficult challenges in protecting the rights of the consumers at the regional level.

### **The New Government Ethics Law**

**Support to the Government Ethics Tribunal in the implementation of the Government Ethics Law:** As a result of the approval of the Government Ethics Law, several meetings have been held between the TAG Program and the Government Ethics Tribunal representatives in order to support them with the necessary activities to start a successful implementation. These activities that have been proposed unofficially to the president of the Government Ethics Tribunal (pending to be sworn), are the following:

	<b>Activity</b>	<b>Justification</b>
1	Personnel recruitment for the Government Ethics Tribunal	Following the legal procedures for the hiring of personnel in the establishment of the office
2	Formulation of the Regulations of the Law for its application.	Assist the implementation of the Law providing guidelines and regulations.
3	Preparation of an Strategic Annual Work Plan	To plan, organize and implement the activities according to the Law.
3	Development of a Training Program on the Ethics Law	For the Governmental Ethics Tribunal, and Ethics Commissions established by Law.
	Development of a Training Program on the Inter-American Convention against Corrup-tion (ICAC)	For central and local government officials and related institutions personnel
6	Acquisition of software and hardware to support all the work of the office	The equipment and software is necessary for office functionality
7	IT Project	Develop a website as a mechanism for public access to information, and accountability.

8	Technical Coordination	It will be necessary to establish cooperation with the different State institutions
9	Public Relations and Awareness Program	The new legislature should be presented to the general population
10	Promote citizen participation	To develop mechanisms to make the Law more practical and understandable to gain public support

## ii. Other Activities

**USAID Performance Monitoring Plan (PMP):** On July 14th, USAID presented to the TAG Program its PMP with all the corresponding indicators until the end of the Program in 2009. These sets of indicators are the guideline for the preparation of the Monitoring and Evaluation Plan, to take place during next quarter.

It is important to mention that two of the indicators are to be defined, as is the case of: Degree of compliance with the Inter-American Convention against Corruption and the number of target agencies providing information in a transparent and timely fashion to the public about the services they are required to deliver.

Below is a list of the 8 indicators that USAID has given to the Program.

1) %increase of CSO respondents who say that the climate toward commitment to improving the justice sector is getting better, 2) % change in public funding allocated to the decentralization Process especially in health& education, 3) Number of social audits undertaken on selected national government programs & projects, 4) Number of persons trained in ethics, 5) Number of target institutions providing reliable and timely information on their service delivery, 6) Number of new policies/program decentralization with national impact, especially in health and education, 7) Status of decentralization reforms, and 8) Number of municipalities using IFMS/SIAF-type systems to plan and monitor budget execution.

## iii. Achievements and Obstacles

## SO1: Ruling Justly: More responsive, transparent governments

<b>IR2: GREATER TRANSPARE NCY AND ACCOUNTAB ILITY OF GOVERNMENT S</b>	<b>Indicator: Degree of compliance with the IACC</b>	<b>Description:</b> Percentage of compliance of the Salvadoran Government to commitments contemplated within the Inter-American Convention against Corruption	<b>FY</b>	<b>Target</b>	
				<b>Planned</b>	<b>Actual</b>
			2005		TBD
			2006	TBD	
			2007	TBD	
			2008	TBD	TBD
			2009	TBD	TBD
<b>Progress towards results:</b>					
<ul style="list-style-type: none"> <li>• The new National and Municipal Legal Framework in place, such as Government Ethics Law, Technical Norms for Internal Control, Municipal Code reformed, Municipal Administrative Career Law, Municipal Debt Law, allows and strengthens civil society capacity to greater access to information, monitor and demand better performance from elected authorities on their decision making.</li> <li>• Key government institutions better prepared to adopt more responsive and transparent management.</li> <li>• National Dialogue on Ethical Values in place.</li> <li>• Greater number of judicial authorities aware on the provision and compliance requirements of the ICAC.</li> <li>• Increased opportunities and interest of CSOs to participate in the oversight public administration.</li> <li>• Private sector is more involved and committed to policy change towards the compliance of the ICAC.</li> <li>• Greater Courts of Accounts disposition to review the Law of Procurement inline of the ICAC requirement.</li> </ul>					
<b>Challenges:</b>					
<ul style="list-style-type: none"> <li>• Greater knowledge of the commitments of the GOES in reference to the ICAC by public officials, private sector and civil society.</li> <li>• Follow-up and prioritize the recommendations of the Committee of Experts towards the compliance of the ICAC by the GOES.</li> <li>• Increase the advocacy and public pressure from Civil Society to GOES to comply with ICAC</li> </ul>					

<b>IR1: STRENGTHEN THE RULE OF</b>	<b>Indicator: Corruption victimization in the courts (context indicator)</b>	<b>Description:</b> This indicator tracks the percentage of people that have been victims	<b>FY</b>	<b>Target</b>	
				<b>Planned</b>	<b>Actual</b>
			2004		%

<b>LAW</b>		in courts during the course of one year. This percentage can also be translated into number.	2005		
			2006		
			2007		
			2008		
			2009		
:					
<p><b>Activity 1: Support coordinated approach to open key justice sector institutions to public scrutiny</b></p> <p><b>Results</b></p> <ul style="list-style-type: none"> <li>• More openness of key justice sector institutions (PGR, FGR, Court of Accounts, Consumer Defender Office) to coordinate with other sectors activities towards improving transparency of the judiciary.</li> <li>• Diagnosis of the internal control of the PGR concluded.</li> <li>• Project to scrutinize and oversight institutions related to justice sector approved.</li> <li>• Cooperation and coordination with an umbrella organization (Protejes) was established to monitor the efficiency of the justice system.</li> </ul> <p><b>Activity 2: Conduct a key study to generate a base-line of indicators to better pin-point areas lacking transparency and efficiency and publicize results</b></p> <p><b>Results</b></p> <ul style="list-style-type: none"> <li>• TOR for the design of base-line indicators of transparency and judicial efficiency prepared in concordance with the CNJ.</li> </ul> <p><b>Activity 3: Sponsor a workshop of the Inter-American Convention against Corruption targeting the judicial system</b></p> <p><b>Results</b></p> <ul style="list-style-type: none"> <li>• Commitment of the National Council for the Judicial, to support the development and incorporation at the curriculum of Judicial Training School, of a Module of Judicial Ethics.</li> <li>• Course on the ICAC for members of the judicial system designed and implemented through 2 workshops carried out in the cities of San Salvador, and San Miguel.</li> <li>• 150 Judges trained in provisions of the ICAC and exposure to the international experience.</li> </ul>					

	<p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>• Sustain the exercise and implementation of the provision of the ICAC and other good practices against corruption among the justice sector employees.</li> <li>• Greater openness by the Supreme Court of Justice to adopt the provisions stipulated in the ICAC</li> <li>• Preparation of and accurate and objective country report to the Committee of Expert to be submitted in May 2007</li> </ul>				
<p><b>IR2: GREATER TRANSPARE NCY AND ACCOUNTAB ILITY OF GOVERNMEN TS</b></p>	<p><b>Indicator: Level of perceived corruption of public employees (context indicator).</b></p>	<p><b>Description:</b> Combined percentage responding they perceived "some" (algo) and "a lot of (muy)" corruption among public employees in the USAID Democracy Survey</p>	<p><b>FY</b></p>	<p><b>Target</b></p>	
				<p><b>Planned</b></p>	<p><b>Actual</b></p>
			<p>2004</p>	<p>--</p>	<p>67% (baseline)</p>
			<p>2005</p>	<p>---</p>	<p>---</p>
			<p>2006</p>	<p>63%</p>	<p>---</p>
			<p>2007</p>	<p>---</p>	<p>--</p>
			<p>2008</p>	<p>59%</p>	<p>---</p>
			<p>2009</p>	<p>---</p>	<p>---</p>
<p><b>Progress towards results:</b></p> <ul style="list-style-type: none"> <li>• The new National and Municipal Legal Framework in place, such as Government Ethics Law, Technical Norms for Internal Control, Municipal Code reformed, Municipal Administrative Career Law, Municipal Debt Law, allows and strengthens civil society capacity to greater access to information, monitor and demand better performance from elected authorities on their decision making.</li> <li>• Civil Society strengthened through various trainings and more opportunities to implement transparency and anticorruption initiatives, using the resources of the Small Subgrant Program provided by the TAG.</li> <li>• Key government institutions better prepared to adopt more responsive and transparent management.</li> <li>• National Dialogue on Ethical Values in place.</li> <li>• Additionally, the TAG Program approved a National Public Opinion Survey to measure the perception of corruption in government and will serve as a base line for the Government Ethics Tribunal</li> </ul>					

**Challenges:**

- Major strengthening of public institutions and the implementation of the new National and Municipal Framework.
- Promote public debate with government, private sector and civil society on the formulation of a Law of Access to Information to be submitted to the Assembly.
- Greater involvement of civil society to demand accountability and exercise social auditing

**Future Activities**

- Continue increasing devolution of responsibilities and resources to the local level.
- Promote greater opportunities for citizen participation in and oversight of national government decision making.
- Encourage better accountability of elected and appointed officials.

<b>IR 2: GREATER TRANSPARE NCY AND ACCOUNTAB ILITY OF GOVERNMEN TS.</b>  <b>SUB IR 2.2 INCREASED DE DEVOLUTION OF RESPONSIBI</b>	<b>Indicator: Status of critical decentralization reforms ( 6 parameter)</b>	<b>Description:</b> Milestones for the status of the decentralization reforms process: <b>Parameter 1)</b> Political agenda for Local Development completed by CONADEL and presented to the President (20%); <b>Parameter 2)</b> Action Plan for the implementation of the political Agenda in place (10%); <b>Parameter 3)</b> Legal reforms defining roles and responsibilities of local governments drafted (20%); <b>Parameter 4)</b> Legal reforms on transparency and accountability of local governments drafted (20%); <b>Parameter 5)</b> Legal reforms on fiscal decentralization drafted (20%); and <b>Parameter 6)</b> Management systems and procedures for implementation of fiscal reforms in local government developed through a field testing approach (10%). A given milestone is not a prerequisite for the next one	<b>FY</b>	<b>Target</b>	
					<b>Planned</b>
			2005	--	20%
			2006	30%	30%
			2007	60%	--
			2008	80%	--
2009	100%	--			

**LITES AND  
RESOURCES  
TO THE  
LOCAL  
LEVEL**

**Activity 1: Support efforts to design and implement a policy agenda in support of strengthening decentralization policies**

**Parameter 5:**

**Progress towards results:**

After submitted the National Agenda for Local Development (NALD) to the President of the Republic, and the upcoming elections, the TAG Program, jointly with RECODEL, oriented its efforts on the agenda implementation, delaying by request of CONADEL the preparation of the new action plan until August 2007. On this sense, the main results were:

1. With CONADEL and some other key actors involved, it has been open discussions on the searching for new mechanism for local development financing. This aim has been developed thru the following:
  - Coordinated support with RECODEL to carry out an specialized consulting to review, design and propose a new legal framework.
  - Sponsoring a Forum on Property Tax jointly with UCA and Lincoln Institute of Land Policy de Cambridge. Massachusetts.
2. In cooperation with different key sectors, started the preparation and discussion of a new National Decentralization Policy, which is being formulated by the Technical Secretary of the Presidency jointly with CONADEL. The TAG Program, in coordination with RECODEL, took part in different activities and discussion meetings, giving inputs on the proposal above..

**Parameter 2**

3. By request of CONADEL, and after having selected CONADEL's new members, it was started a process of updating, validation and discussion on the NALD and the preparation of its action plan, which is expected to be discussed with the involved actors and finalized on February 2007.

**Activity 2: Strengthening of the legal and institutional framework for transparency**

**Parameter 4**

**Progress towards results:**

- As one of the commitments in the NALD and after an intense debate and lobbying at the Assembly, the following reforms and new laws related to municipal transparency were approved:
  1. Reforms of the Municipal Code and the incorporation of Title IX referred to citizen participation and transparency.
  2. Municipal Debt Law.
  3. Municipal Administrative Career Law.
  4. Reforms of the Municipal Tributary Law.
- In a wide effort which involved different key sector, the TAG Program started an investigation to analyze the variety of mechanism of citizen participation and transparency that has been developed in El Salvador during last years. This investigation with the aim to elaborate a programmatic proposal which let the sectors involved, to support in a more effective and coordinated way the implementation of the new legal framework above.
- Some of the results, obtained through different workshops, interviews and validation meetings, were:
  1. An important and unique compilation (200 municipalities) of various mechanisms and tools that had been developed nationwide to promote transparency and the citizen participation.
  2. A deep and wide assessment on the main weakness, strengths and opportunities for the local institutionalism to promote transparency and new legal reforms.
  3. A well structured list of 62 actions and measures needed to be implemented to strength transparency and

	<p><b>Challenges:</b> Main challenges for the NALD implementation are:</p> <ol style="list-style-type: none"> <li>1. Strengthen CONADEL's in: technical proposal capacity with the aim of generating some commitments and political agreement necessary for the implementation of NALD mainly in three areas:</li> <li>2. Improve institutional capacities in local governments for the implementation of the reforms to the Municipal Code, particularly the Title IX.</li> <li>3. Promote CSO and private sector interest in citizen participation.</li> <li>4. Stimulate alliances and coordination among international donor in topics of decentralization and local development financing.</li> </ol>
	<p><b>Future actions.</b></p> <ol style="list-style-type: none"> <li>1. Continue supporting the coordination efforts orientated to promote decentralization and local development financing and the implementation of the reforms of the Municipal Code to: <ul style="list-style-type: none"> <li>▪ CONADEL in the preparation of its action plan for the NALD implementation</li> <li>▪ CONADEL in the process of diagnosis and harmonization of the municipal legal framework.</li> <li>▪ To support Knowledge Management actions and the exchange of experiences.</li> <li>▪ Strengthen CONADEL's, COMURES' and other related institution in lobby and advocacy capacities.</li> </ul> </li> <li>2. To start a permanent effort of awareness, training and development of capacities of the boards of COMURES in topics related to the Municipal Code and the Government Ethics Law.</li> <li>3. Sponsor the formulation of a toolkit necessary to measure, evaluate and monitor municipal transparency, as well as a mechanism for recognition of good practices.</li> </ol>

IR2: GREATER TRANSPARE NCY AND ACCOUNTAB ILITY OF GOVERNMEN TS	Indicator: Number of People Trained in Ethical Values	Description: Number of people trained in ethical values, including government employees, students, CSOs, etc.	FY	Target	
				Planned	Actual
SUB 2.4: ACCOUNTAB ILITY OF ELECTED AND APPOINTED OFFICIALS IMPROVED			2005	-----	0 (baseline )
			2006	300 (cumulativ e 300)	362
			2007	500 (cumulativ e 800)	-----
			2008	400 (cumulativ e 1,200)	-----
			2009	100 (cumulativ e 1,300)	-----

**Activity 1: Support training activities in support of transparency in political parties****Progress towards results:**

(this activity was discontinued)

**Activity 2: Support activities to promote ethics and accountability in the public sector****Progress towards results:**

- **Ethics Values Week** was implemented with the leadership of two prominent and prestigious think tanks, FUSADES and FUNDE. The issue of ethics was brought up in the national agenda.
- The TAG Program and the PAO of the US Embassy supported the initiative.
- Strategic alliance with FUSADES and FUNDE was established to promote issues as ethics, transparency, and accountability.
- Both FUSADES and FUNDE have publicly committed to institutionalize the Ethics Values Week.
- **362** people were trained in ethical values, and about another **303** were also sensitized on the importance of ethics in public administration.
- Among the participants were: members of the Government Ethics Tribunal, Assembly members (Deputies), Judges, Public Defenders, Prosecutors, Magistrates of the Supreme Court, Members of the National Council for the Judiciary, COMURES officials, civil society organization representatives, journalists, students and private sector.
- Commitment of the National Council for the Judiciary to incorporate an Ethics Module into the Judicial Training School was approved;
- The newly elected members of the Government Ethics Tribunal were enlightened on the importance of ethical values in government throughout the entire training program and private meetings. They established valuable working relationship with key government officials and the leadership of FUSADES and FUNDE. Both think tanks expressed their commitment to support the Government Ethics Tribunal in the implementation of the Government Ethics Law.
- The media provided a large coverage to most of the activities of the Ethics Values Week.
- A network group composed of different government, private sector and civil society representatives was established to promote dialogue on ethical values.

	<p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>• It is expected that the institutionalization of the Ethics Week every year, as committed by FUSADES and FUNDE, is carried out.</li> <li>• The Government Ethics Law’s implementation is a big challenge for the Tribunal. It is required the establishment of the Government Ethics Tribunal and the approval of its budget.</li> </ul> <p><b>Future activities:</b></p> <ul style="list-style-type: none"> <li>• Expose the Government Ethics Tribunal to international experience like a visit to the Government Ethic Office in Puerto Rico.</li> <li>• Support the implementation of the new Government Ethics Law for public officials.</li> <li>• Support the implementation of proposed transparency provisions of the municipal code and ethics law</li> <li>• Support specific government institutions in transparency and accountability activities.</li> <li>• Grant awarded to OEF and FESPADE to support the implementation of the Ethics Law.</li> </ul>
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<p><b>IR2: GREATER TRANSPARE NCY AND ACCOUNTAB ILITY OF GOVERNMEN TS</b></p> <p><b>SUB 2.3: MORE OPPORTUNIT</b></p>	<p><b>Indicator: Number of target agencies providing information in a transparent and timely fashion to the public about the services they are required to deliver (LAC)</b></p>	<p><b>Description:</b> The indicator will be more fully developed when the implementer (C&amp;A, Inc TAG Contractor) begins working. Values for this indicator will consider the types of information the agency is required to provide, timeliness of delivery, effectiveness of delivery, and comprehensiveness of the information.</p>	<b>FY</b>	<b>Target</b>	
				<b>Planned</b>	<b>Actual</b>
			2005		TBD
			2006	TBD	
			2007	TBD	
			2008	TBD	
2009	TBD				

**IES FOR  
CITIZEN  
PARTICIPATI  
ON IN AND  
OVERSIGHT  
OF  
NATIONAL  
AND LOCAL  
GOVERNMENT  
DECISION  
MAKING**

**Activity 1: Strengthen CSO capacity to be effectively involved in anticorruption and transparency activities.**

**Progress towards results:**

- 60 NGOs and Civil Society organizations with about 130 members were trained in issues of transparency, anticorruption and accountability thru three introductory workshops and mainstreaming.
- With the program support to CSOs to carry out 4 roundtable discussions on Access to Information, a task force group was created with about 10 NGOs to raise awareness on the importance of this right.
- The visit of Prof. Robert Barker from Pittsburgh University sponsored by the PAO of the US Embassy, gave the opportunity to the program to promote the importance of the issue of Government Accountability during a main conference and a roundtable discussion with the participation of about 200 participants of the justice sector.
- Design of a Coalition Building Program submitted to USAID. This program was constructed with valuable input from several CSOs such as Probidad, ISD, PROTEJES, FUMA, FUNDAUNGO, FUNDE based on their experience and view.

**Activity 2: Increased anticorruption coordination with business organizations.**

**Progress towards results:**

- Private Sector represented by ANEP was made aware of the provisions and importance of this sector stipulated in the ICAC during a roundtable discussion with the executive board.
- Several meetings held with FUSADES, a private sector institution drove this entity to include the issue of transparency and anticorruption, analysis of the ICAC, and the Government Ethics Law in its agenda.
- Through bilateral meetings, raised interest from other private sector organizations such as FUNDAPYME and FUNDEMAS to promote their interest in transparency and accountability issues.

**Activity 3: Civil society sub-grant initiative**

**Progress towards results:**

- A Small Subgrant Program was launched to support CSOs Projects on Transparency.
- 62 organizations participated, 40 submitted proposals, 17 met all the requirements and 6 were approved by USAID.
- Among the proposals presented to the Small Subgrant Program, some of them included a component on access to information as part of their strategy and objectives.
- The proposals received considered working in different areas like local governments, judicial system, public budgets monitoring, e-government, accountability in public offices, etc.

**Challenges:**

- The Private Sector to assume the responsibility of promoting the issue of Access to Information and Transparency in their programs and activities
- Key Government institutions to understand the importance and provide greater public information to citizens.
- To raise the awareness among the Assembly members and Government officials on the importance of an Access to Information Law.

**Future Activities**

- Continue the strengthening of CSOs and NGOs private sector capacities to be effectively involved in transparency and accountability activities.
- Promote broad working networks/coalitions among CSOs
- Execution of projects approved under the civil society subgrant initiative.
- Enlarge the anticorruption sharing knowledge network.

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

- Signing of 6 agreements with civil society organizations for the implementation of transparency projects.
- Promote projects and methodologies for the construction of civil society coalitions
- Identify areas of cooperation for providing technical assistance to the Public Defender's Office
- Review proposals and award contract for the development of the Judicial Ethics |Module for the Judicial Training School.
- Support the National Council for the Judiciary to design of a Transparency Indicators System for the Judicial Sector, and identify a consultant to carry out this work.
- Support the implementation of the Letters of Rights by the by the Defense of Consumer's Office.
- Continue support the Governmental Ethics Tribunal in establishing the office and other activities regarding the implementation of the Law.
- Provide training to governmental entities in ethics.
- Promote the Inter-American Convention against Corruption implementation by the Government of El Salvador.
- Start the process of monitoring the implementation of the grants awarded.
- Conclude the preparation of the Rapid Assessment Report, edit and publicize among different sectors of the Salvadoran society.
- Finalize the review of COMURES proposal.
- Support the implementation of the National Agenda of Local |Development (CONADEL).
- Support the National Municipal Congress.
- Promote a joint effort with RECODEL to support transparency and municipal financing efforts.

**II. Administrative Update**

- During the reporting period the Administration and Finance Department continued to support the development of all project activities, including logistics, procurement and contracting of services.
- The posting of the accounting transactions were systematically recorded in Quickbooks on a daily basis and reports have been prepared and submitted in a timely manner. Inventory is also being carefully kept and updated periodically.
- The Program was involved in the financial analysis and adjustments were made to the overall program budget due to the reduction of funds. A new budget proposal was submitted to USAID for approval.

- As a result of several remarks made concerning subgrant proposals, the Program, through its Finance and Office Manager, has been participating in different meetings with NGO's and USAID to follow up on the modifications required. It is foreseen that in the next reporting period at least six subgrants will be granted to NGO's.
- Additionally, the Program supported the Consumer's Protection Office and the National Judicial Council (CNJ) proving feedback to requests for technical and financial support submitted to the TAG Program for review and approval. It is foreseen that for the next reporting period Memorandums of Understanding (MOU) will be duly signed with these institutions. Administrative and financial support will be required to carry out all activities within these two memorandums.
- The TAG Program team believes that it is necessary for the Administrative and Finance Department to understand and be acquainted with technical aspects and activities of the Program. In this sense, the Finance and Office Manager actively participated in the design of the 2007 Work Plan and Budget.
- Finally, the Administration is working on a Field Operations Manual to establish in writing all procedures applicable for the El Salvador Field Office. Also, a Manual with procedures is being prepared for NGO's that will be receiving small grants on how to manage the funds.
- For the next reporting period, personnel reviews and evaluations will be carried out to all staff members, as established in Casals Policy.
- One copy of the previous quarter's performance report was submitted to DEC