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**Quarterly Performance Report  
January – March 2003 (2<sup>nd</sup> Quarter FY03)  
Americas' Accountability/Anti-Corruption Project**

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**I. Improved Donor Coordination**

**Donor Consultative Group**

The theme of the quarterly meeting of the DCG, hosted by the United States Agency for International Development at its Washington, DC office, January 17, 2003, was trade reform and corruption. Presentations addressing the crosscutting nature of corruption and its negative impact on trade development were made by Michael Deal, Deputy Assistant Administrator LAC Bureau; Anne Simmons-Benton, USAID Senior Trade Advisor; and Igor Abramov, Senior Advisor, Market Access and Compliance, International Trade Administration, Department of Commerce. All addressed what their respective agencies are doing to undermine corruption in developing economies particularly as related to trade development.

Madelene O'Donnel, Democracy Specialist, Anti-Corruption Team, Bureau for Democracy, Conflict and Humanitarian Assistance, provided an update on USAID's agency-wide anti-corruption strategy.

In addition to the international donor representatives present, the meeting was also attended by a considerable number of representatives from the USG agencies of the speakers. Thus an additional benefit of this meeting was that USG representatives became more informed on what their counterpart agencies are doing to combat corruption.

Steven Hendrix, Rule of Law/Anti-Corruption and Human Rights Coordinator, USAID LAC Bureau, who led a discussion on the evolving role of the DCG, solicited input from participants on how to more fully engage the DCG in addressing corruption issues in the region. The following summarizes those comments.

- The DCG is a good forum for donors to exchange information on their anti corruption activities. There is considerable value in knowing what other donors are doing and planning to do and there are many examples of where information shared in meetings has been followed up on later by specific members.
- There is a need to strengthen donor coordination mechanisms. While there are 21 official members of the DCG only a small fraction regularly attend meetings. Fuller participation would be beneficial for all concerned.
- Consideration should be given to examining what is occurring in specific sectors in selected countries. Using the country-focus approach, video teleconferencing could be used to discuss the status of reform support with donor representatives in the country. In addition, country officers posted in Washington, D.C.-headquartered donor organizations could be invited to participate in the meeting thereby engaging others (beyond the official representatives) from these organizations in the work of the DCG.

- In addition to selecting meeting dates at the beginning of each year, the DCG should identify meeting topics for each meeting so that official members could invite others from their organizations with expertise on the given topic to participate. With this advance scheduling, official representatives would have time to identify appropriate individuals within their organizations to invite.
- In addition to specific countries, the DCG should consider examining selected sectoral reforms (i.e. trade, financial management, rule of law, etc.) across several countries. For those donors with particular interest in a given sector, working group meetings could be scheduled. The goal is to study subjects in more depth.

As a result of these discussions, AAA will develop a white paper for submission to USAID that addresses options for strengthening the DCG and making it more responsive to the needs of its donor members.

### **Anti-Corruption Forum**

Continuing its efforts to focus donor and other stakeholders' attention on anti-corruption issues, AAA supported two Anti-Corruption Forum presentations, in Washington, DC, during the quarter. (The forums are an unanticipated product of the project, not specifically identified in the Task Order.)

In January, Peter Dent and Surendra Agarwal presented key findings of the World Bank's overview report on the fiduciary review of the Second Sulawesi Urban Development Project. This project aims at improving the delivery of infrastructure services, strengthening operations and maintenance activities, and improving environmental management by local governments in some 40 cities on the Indonesian island of Sulawesi .

In March, former Bolivian President, Jorge F. Quiroga, currently a Public Policy Scholar at the Woodrow Wilson Center, discussed institutional reforms necessary to combat corruption, based on lessons learned from Bolivia's implementation of a National Integrity Program. During Mr. Quiroga's abbreviated tenure as President, he initiated efforts to root out corruption and nepotism as part of a broader government-wide restructuring that was applauded and assisted by the World Bank and other international financial institutions.

### **Newsletters**

During the quarter, Issue 32 of the English-language newsletter (*Accountability*) and Issue 37 of the Spanish-language newsletter (*ResponDabilidad*) were posted on the ResponDanet website and distributed to subscribers via e-mail. Both reported on the Tela, Honduras workshop described later in this report. In addition, *ResponDabilidad* featured Ambassador Palmer's speech from the inauguration of the Tela Workshop and an article on municipal anti-corruption programs sponsored by the World Bank and *Instituto Tecnológico de Monterrey*. *Accountability* promoted the ICGFM conference in Miami and reported on the Transparency International Global Corruption Report 2003 and on a World Bank regional forum, in Peru, to address relationships among good governance, empowerment of the poor and the fight against poverty in the region.

## ResponDanet

The number of visitors to ResponDanet continues to grow. The totals for the current quarter are the highest recorded to date and the first time that the number of hits on the site has surpassed 1 million in a quarter. The cumulative number of hits since April 1998, when ResponDanet was inaugurated, through March 2003 is 8,513,421.

Main Website and Sub Sites	Hits Previous 4 Project Quarters					Current Quarter Jan-Mar FY 2003
	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	Total for Previous 4 Quarters	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar		
	FY 2002	FY 2002	FY 2003	FY 2002		
PSI Net	774,580	935,762	831,014	896,451	3,437,807	1,046,339
AAA Flash-Sp.	25,721	21,576	26,934	31,707	105,938	27,159
AAA Flash-Eng	38,332	20,165	53,055	31,118	142,670	57,074
ACSF	6,790	7,155	11,391	6,002	31,338	13,234
ACWB	845	570	1,134	1,020	3,569	969
Visitor Survey	4,054	2,422	3,458	4,036	13,970	2,714
TOTAL	850,322	987,650	926,986	970,334	3,735,292	1,147,489
Avg. Hits/Month	283,440	329,217	308,995	323,445	311,274	382,496

## II. Improved Government Policies and Practices to Reduce Corruption

### Task 1B: Disseminate Successful Practices and Lessons Learned

#### Annual ICGFM Conference

The International Consortium on Governmental Financial Management (ICGFM) hosted its 17th Annual Conference in Miami, Florida, March 31st to April 4th. Attending were 150 senior government officials, in the areas of audit, financial management and anti-corruption, from 32 countries in Asia, Africa, Europe and the Americas. Two of the largest delegations consisted of USAID sponsored participants from Dominican Republic and Honduras, including representatives from civil society and municipalities. Their participation was attributable, in great part, to the interest generated by the AAA Project workshop "Strengthening Transparency through Citizen Participation Mechanisms at the Municipal Level" held last February in Tela, Honduras.

Casals & Associates, Inc., one of the co-sponsors, arranged for presentations on AAA activities relative to civil society participation in municipal governance. AAA organized the first panel of the conference entitled *Municipal Perspectives and Initiatives*. Dean Walter, USAID/Honduras, described the organization's priorities in the fight against corruption. He was followed by presentations from Patricio Maldonado, Olga Nazario and Gerardo Berthin from the AAA staff. They described the AAA Project's context, scope, objectives, strategy and components, as well as the results of the Cibao (DR) Region's Experience and the Tela, Honduras Workshop. Sally Taylor from Casals & Associates moderated the session. A second panel included presentations on promising practices and experiences in promoting transparency at the municipal level through civil society participation and oversight. Panelists included Daniel Flores, Tela Mayor, Beatriz White, *Entre Todos*, Colombia and Jose Raul Fernandez, Executive Director, *Plan Estrategico de Santiago*, Dominican Republic.

The presentations were very well received by participants, because of the case-study approach used. For many, the subject of transparency and citizen participation at the local level was a new concept. The presentations demonstrated that citizen engagement at the municipal level has great potential for increasing government transparency and accountability at the grassroots level. In addition, participating in the conference enabled AAA staff to meet with comptrollers and finance officials from countries implementing IFMS at the municipal level. Information collected in these meetings will be fed into the municipal-IFMS TAM being developed.

### **IFMS TAM—Bolivia & Chile Experiences**

AAA has completed a rough draft of the TAM on IFMS implementation in Chile and Bolivia, which is being developed as a follow on to the World Bank conference on accountability/transparency best practices. In the coming quarter, AAA will send a team to both countries to interview the full range of stakeholders, in the public and private sectors, who were involved in or affected by the implementation. AAA expects to complete and distribute the TAM in the coming quarter.

### **TAM—Internal Control Framework for Latin America**

At the end of the quarter, AAA completed a first draft of an internal control framework for Latin America based on the COSO model. The draft framework will be sent to officials of the Latin American Federation of Internal Auditors (FLAI) for review and, ultimately, formal adoption at the organizations regional meeting in Fall 2003.

In addition, AAA has completed a draft of AAA's experience with Control Self Assessment (CSA) for internal controls in San Salvador and C&A's bilateral experiences with CSA in Colombia and Mexico. This analysis will be included in the TAM as an example of a proven methodology for strengthening internal control in government entities.

### **TAM—IFMS at the Municipal Level**

In conjunction with Federation of Municipalities of the Central American Isthmus (FEMICA), AAA is planning an assessment to examine a representative sample of municipal IFMSs currently being implemented, including the institutional, political, policy, economic and technical conditions that affect implementation. The assessment will identify best practices and lessons learned, in an effort to understand the depth and quality of current municipal IFMSs in the Central American region. When the assessment is complete, AAA will produce a TAM on the subject and distribute it in conjunction with FEMICA.

### **Task 2B: Support USAID Missions' Anti-Corruption Strategies**

The USAID/Ecuador Mission is making extensive use of the anti-corruption assessment prepared by AAA. For example, the U.S. Embassy has used it to prepare official reports on the nature and level of corruption in Ecuador; USAID is using it to prepare its anti-corruption strategy, and USAID Administrator Natsios used information in the assessment to brief President Bush, prior to his meeting with Ecuadorian President Gutierrez in February.

### **III. Strengthened Civil Society's Oversight Role in Reducing Corruption**

#### **Tela, Honduras Workshop**

AAA sponsored an International Workshop on "Strengthening Transparency through Citizen Participation Mechanisms at the Municipal Level," February 10-11, 2003, in Tela, Honduras. This event provided a forum for participants to share and analyze successful practices in Honduras and elsewhere in Latin America for fully engaging citizens in social auditing activities, as well as municipal budgeting, budget implementation and service-delivery oversight. In addition to nearly a dozen experiences from Honduras, the workshop featured case studies from Colombia, Ecuador, Peru, Bolivia, El Salvador, Guatemala, Costa Rica and the Dominican Republic. Moreover, a panel moderated by Paul Fritz provided participants with insights on USAID funded projects in the area of transparency, municipal development and citizen participation in Ecuador, Guatemala, El Salvador and Honduras.

U.S. Ambassador to Honduras, Lawrence Palmer, inaugurated the event with the Mayor of Tela and Program Director Patricio Maldonado. Attendance averaged about 75 persons each day, with representatives from such national government entities as the *Tribunal de Cuentas*, *Procuraduria*, *Defensor del Pueblo* and the *Consejo Nacional Anti-Corrupcion*. Other participants included mayors and senior officials from seven municipalities in the northern part of Honduras; local civil society leaders; international participants; USAID mission staff from Honduras, Guatemala and Washington D.C., including the USAID/Honduras Mission Director; local participants from the municipality and from civil society.

In the coming quarter, AAA will produce a TAM reflecting the experiences and best practices of the case studies examined at the workshop.

#### **South-South Cooperation**

As a result of the AAA-sponsored November workshop held in Santiago de los Caballeros, Dominican Republic, that examined successful programs that engage citizens in municipal budgeting and implementation and social auditing, discussions have been ongoing relative to "*Veeduría Ciudadana*" in Medellin, Colombia, providing technical assistance to the Strategic Plan of Santiago de los Caballeros, to introduce citizen oversight concepts and mechanisms in the implementation of the plan by that Municipality. Establishing these kinds of cross-border linkages between CSOs (and local governments) not only replicates successful anti-corruption initiatives, but it also builds sustainability by strengthening civil society overall in that it increases CSO credibility. In the coming months AAA will develop a TAM to capture and document citizen's participation in strategic planning at the Municipality of Santiago, as well as the cooperation between Medellin and Santiago to introduce civil society oversight mechanisms for the implementation of the Municipality of Santiago strategic plan.

#### **Anti-Corrupción sin Fronteras [Anti-Corruption Without Borders (ACSF)]**

*Anti-Corrupción sin Fronteras* (ACSF) continues to respond to the needs of CSOs in the region committed to fighting corruption. In February 2003, for example, the Dominican Republic passed a Social Auditing Law and named a commission to establish its rules and procedures. The *Comité de Trabajo Popular*, a CSO in Santiago de los Caballeros, chosen to participate on the commission, asked for help in identifying similar oversight laws throughout the region. Within days, the *Veeduría al Plan de Desarrollo de Medellín*, Colombia; *Transparencia de la*

*GESTION PUBLICA*, Santa Cruz de la Sierra, Bolivia; and Ecuador's *Comisión de Control Cívico de la Corrupción* provided information and documents to their counterpart in Santiago de los Caballeros. Similarly, in March, several CSOs used ACSF to share research on the views of Colombia entrepreneurs on corruption.

ACSF continues to disseminate information to keep CSOs informed about current events. For example, ACSF collaborates with Transparency International (TI) serving as an outlet for distribution of TI information. During the last quarter, ACSF announced the publication of TI's Tool Box, Integrity Award competition, release of the 2002 Global Corruption Report and the 11<sup>th</sup> Anti-Corruption Conference, to be held in Seoul, Korea, in May 2003. ACSF members often send notes of appreciation for keeping them informed.