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REGIONAL

Best Practices and Sharing of Experiences in Controlling Corruption and Increasing Transparency

(RG-T1549)

PLAN OF OPERATIONS

This document was prepared by the project team consisting of: Joel Korn (ICF/ICS) Project Team Leader; Diego Arisi (ICF/ICS); Ronaldo Rotter (VPC/PDP); Hector Rabade (VPC/PDP); Marta Abello (VPC/PDP); Kai Hertz (VPC/GCM); Teodoro Noel (PDP/CCO); Rosina De Souza (LEG/SGO), and Juliana Arbelaez (ICF/ICS), who were in charge of document production.

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

ABBREVIATIONS

LAC	Latin America and Caribbean
OAS	Organization of American States
OLACEFS	Organization of Latin American and Caribbean Supreme Audit Institutions
SAIs	Supreme Audit Institutions
UNDP	United Nations Development Program

PLAN OF OPERATIONS

BEST PRACTICES AND SHARING OF EXPERIENCES IN CONTROLLING CORRUPTION AND INCREASING TRANSPARENCY

(RG-T1549)

EXECUTIVE SUMMARY

Beneficiary:	Supreme Audit Institutions of Latin America and the Caribbean		
Project number:	RG-T1549		
Team	Joel Korn (ICF/ICS) team leader; Diego Arisi (ICS/CCO);		
Leader/Members:	Ronaldo Rotter (VPC/PDP); Héctor Rabade (VPC/PDP); Marta Abello (VPC/PDP); Kai Hertz (VPC/GCM); Teodoro Noel (PDP/CCO); Rosina De Souza (LEG/SGO); and Juliana Arbeláez (ICF/ICS), team members.		
Executing agency:	IADB through ICF/ICS and CAN/CCO		
Target Beneficiaries:	Borrowing member countries of the Bank		
Sources of funding:	IDB (net income FSO):	US\$	70,000
	Local:	US\$	0
	Total:	US\$	70,000
Objectives:	The objective of this TC is to stimulate the global exchange of experience, methodologies and lessons learned in controlling corruption and increasing transparency, identifying opportunities for interventions aimed at strengthening Supreme Audit Institutions (SAIs) of Latin American and Caribbean countries.		
Execution timetable:	Execution period: 6 months Disbursement period: 8 months		
Special contractual conditions:	None		
Exceptions to Bank Policies and Procedures:	None		
Environmental and social review:	Given the focus of this program on institutional strengthening activities, no social or environmental issues are foreseen. According to the Environment and Safeguards Compliance Guidelines, the operation has been classified as “C”.		
Coordination with Other Donors:	This initiative is being coordinated with the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) through the Contraloría General de la República de Colombia, host for the next meeting of the Supreme Audit Institutions (SAIs) of Latin America and the Caribbean in Bogotá, Colombia, in October, 2008.		

I. BACKGROUND AND JUSTIFICATION

A. Background

- 1.1 Corruption is a matter of significant and growing global concern. It erodes the rule of law, the legitimacy of government, property rights and incentives to invest. Corruption obstructs economic and social development and especially harms the poorest people who face the most demands for corrupt activities, such as petty bribery. Corruption in many countries is a form of regressive taxation that contributes to income inequality. Areas perceived by citizens of Latin America/Caribbean to have the highest levels of corruption are political parties, parliament/legislature and the police. Surveys have found that corruption is one of the top constraints to firms in emerging markets and that businesses could grow on average 3% per year faster where corruption is lower and property rights and the rule of law are improved.¹
- 1.2 Public demand for transparency and integrity is growing around the world. To address corruption, partnerships must be formed in each country among the respective government, civil society organizations, including private sector associations, and the general public.
- 1.3 In the 2007 Transparency International survey on perceptions of corruption, with only a few exceptions, the countries of Latin America and the Caribbean (LAC) ranked in the second third in the *Corruption Perceptions Index*.² Of 180 countries surveyed, only four from LAC rank in the top 60 in terms of perceptions of corruption as seen by business people and country analysts (Chile, Barbados, Uruguay and Costa Rica). In a related Transparency International survey in 2007, over 50% of LAC citizens (slightly below the global level) indicated they believed that corruption in their countries would increase over the next three years. LAC governments have formally vowed to fight against corruption in the hemisphere in various regional forums and summits and have tasked the Organization of American States (OAS) and the Inter-American Development Bank to support them in their efforts.
- 1.4 From October 6 through 11, 2008, delegates from Supreme Audit Institutions (SAIs) across Latin America and the Caribbean will gather in Bogotá, Colombia, to participate in the *VIII Assembly of the Organization of Latin American and Caribbean Supreme Audit Institutions* (OLACEFS). The purpose of this annual gathering is to promote an exchange of ideas and experiences regarding public auditing and financial management and for SAIs to broaden their understanding of the international context of governmental auditing and to develop innovative responses to shared challenges.

1 G. Batra, D. Kaufmann and A.H.W. Stone. *Investment Climate Around the World: Voices of the Firms*, Business Environment Survey. 2003.

2 Corruptions Perceptions Index, Transparency International, 2007, (www.transparency.org).

- 1.5 As part of this year's assembly, a one-day seminar on fighting corruption and promoting transparency will take place, the purpose being to **stimulate the global exchange of experience and methodologies in controlling corruption and increasing transparency**. Experts in the field will share their experiences, which will be followed by an open forum discussion on opportunities for interventions aimed at strengthening the ability of SAIs to better fight corruption.

B. Bank strategy

- 1.6 In the area of Modernization of the State, the Bank's regional technical cooperation strategy emphasizes: a) support to the borrowing countries in the development of a modern and efficient democratic state that promotes economic growth; and b) research, dissemination, training and consensus-building activities in relevant fields at the regional/sub-regional levels, such as: (i) training programs that strengthen democratic political leadership and a multi party political system; (ii) support for enforcement of legal instruments stemming from international treaties and conventions; (iii) modernization processes of legal systems linked to the promotion of economic integration (regional convergence and complementarities); and (iv) capacity building for the formulation and coordination of public strategies and policies related to the promotion of regional integration.
- 1.7 The Bank has issued specific policy papers with regard to dealing with corruption internally and in Bank funded projects, *The framework for combating fraud and corruption in the activities financed by the IDB* (GN-2414) and has committed to support its borrowing member countries in their efforts to fight corruption, *Strengthening a Systemic Framework Against Corruption for the IDB* (GN-2117-7).
- 1.8 The activities of this TC to stimulate the global exchange of experiences and methodologies of controlling corruption and increasing transparency are fully consistent with the Bank strategies and policy documents mentioned above. In addition to the experts who would be funded under this TC, the IDB will provide speakers for the OLACEFS Assembly from several different areas of the Bank.
- 1.8 This is a unique opportunity to promote a sharing of experiences in fighting corruption as the Assembly provides a forum in which Controllers/Auditor Generals from 18 member countries congregate in one location. Also present will be other multilateral development institutions such as the World Bank and the United Nations Development Program (UNDP).

II. PROGRAM DESCRIPTION

A. Program goal and purpose

- 2.1 The objective of this technical cooperation is to stimulate the global exchange of experience, methodologies and lessons learned in controlling corruption and

increasing transparency, identifying opportunities for interventions aimed at strengthening SAIs of Latin American and Caribbean countries.

B. Description of project activities

- 2.2 For the achievement of the above indicated objective, this TC will focus on preparation of five case studies on experiences, methodologies and lessons learned by countries in fighting corruption and promoting transparency, oriented toward the work of SAIs.
- 2.3 The case studies will be presented during the *VIII Assembly of the Organization of Latin American and Caribbean Supreme Audit Institutions* to take place from October 6 through 11, 2008, in Bogotá, Colombia. After the event, the experts who prepared the case studies will participate in an *ex-post technical brainstorming session* with Bank staff.
- 2.4 Furthermore, and as undertaken with previous case studies presented to similar gatherings, these presentations may be used as input for Bank programs and disseminated to a wider audience. TC resources will not cover expenses related to the organization and logistics of the event, which is being financed by the *Organization of Latin American and Caribbean Supreme Audit Institutions* and the Contraloría General de la República de Colombia, host for the meeting.
- 2.5 The case studies will be edited and compiled in a publication to be made available to the attendees at the meeting and possibly a wider audience.

III. BUDGET

A. Summary cost table

PROJECT BUDGET	
CATEGORY	FSO US\$
1. Consultancy services. 5 case studies on controlling corruption and promoting transparency @ average cost of \$10,000 each (including presentation of case studies at OLACEF Assembly in Bogotá in October, 2008)	50,000
2. Publication/edition of the case studies	15,000
3. Contingencies	5,000
Total	70,000

B. Description, composition and sources of funding

- 3.1 The total cost for the proposed technical cooperation is estimated at US\$ 70,000 to be financed by the Bank with resources from the net income of the Fund for Special Operations (FSO). The Bank will finance the cost of preparation of five case studies on controlling corruption and increasing transparency as well as their eventual publication and edition.

C. Sustainability

- 3.2 The dissemination and successful adoption of best practices in fighting corruption and promoting transparency will fulfill the objectives of this TC and guarantee its sustainability.

IV. PROGRAM EXECUTION

A. Executing agency

- 4.1 The Bank will execute the project. The Institutional Capacity of the State Division (ICF/ICS) will have primary responsibility for the technical, administrative and financial aspects of project execution in coordination with the Procurement Disbursement and Portfolio Monitoring Division (VPC/PDP) and the Country Office in Colombia (VPC/CCO).

B. Executing mechanism

- 4.2 The Bank will select the experts, in coordination with the Contraloría General de la República de Colombia, as well as manage the publication and edition of the case studies.

C. Program implementation readiness

- 4.3 The Contraloría General de la República de Colombia has indicated that it is ready to work with the Bank in identifying experts who will prepare the case studies. It formally requested Bank support for this initiative through a communication dated November, 2007. Due to the lead time required for preparation and publication and edition of the case studies, it is important to initiate execution of the TC by June, 2008.

D. Execution period and disbursement schedule

- 4.4 The execution period for this operation will be 6 months, and the disbursement period will be up to 8 months as of project approval.

E. Procurement

- 4.5 Procurement will be carried out in accordance with the *Policies for the Selection and Contracting of Consultants Financed by the IDB* (GN-2350-7), July, 2006, and *Policies for the Procurement of Works and Goods Financed by the IDB* (GN-2349-7), July, 2006.

V. MONITORING AND EVALUATION

A. Monitoring

- 5.1 Special emphasis will be given to the timely delivery of the case studies to assure adequate lead time for their dissemination prior to or during the Assembly.

B. Technical and basic responsibility

- 5.2 ICF/ICS, in close collaboration with VPC/PDP and VPC/CCO, will have responsibility to monitor project activities.

C. Progress and final reports

- 5.3 Due to the nature of this TC, no final evaluation is considered necessary.

VI. PROGRAM BENEFITS AND RISKS

A. Program benefits and developmental impact

- 6.1 The case studies will allow for dissemination of best practices in the Region and dialogue related to actions that can be taken to strengthen individual countries in their fight against corruption and in promoting transparency, particularly with regard to the roles of the SAIs. It is expected that the case studies may provide state of the art information that might contribute to guiding future Bank programming activities and interventions in this area.

B. Target beneficiaries

- 6.2 The direct beneficiaries will be the offices of the Supreme Audit Institutions of LAC, however, the benefits derived from the TC will extend to the broader population of the member countries.

C. Risks

- 6.3 The Bank and Contraloría General de la República de Colombia should assure that the case studies will be relevant and applicable to those in attendance, contracting the consultants by June, 2008, so that the case studies can be prepared and disseminated prior to or during the OLACEFS Assembly in October, 2008.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

A. ESR review

- 7.1 Given the focus of this program upon institutional strengthening activities, no social or environmental issues are foreseen. According to the Environment and Safeguards Compliance Guidelines, the operation has been classified as “C”. No negative environmental impact is anticipated from this regional technical cooperation. Based on the Safeguard Policy Filter Report (#2008-04081430-2), the project does not require a classification and / or further environmental or social actions. Based on the Safeguard Screening Form (#2008--04081905-2), this technical cooperation is a category “C” project.

VIII. CERTIFICATION

- 8.1 The Grants and Cofinancing Management Unit (VPC/GCM) certifies that US\$70,000 from the net income of the Fund for Special Operations is available for the financing of the project proposed in this Plan of Operations.

(Original Signed)

May 16, 2008

Marguerite S. Berger
Chief
Grants and Cofinancing Management Unit
VPC/GCM

Date

IX. APPROVAL

(Original Signed)

Xavier Comas
Division Chief, ICF/ICS

May 19, 2008

Date

Concur:

(Original Signed)

Rodrigo Parot
Representative, CAN/CCO

May 13, 2008

Date