

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND**

REGIONAL

(ARGENTINA, BOLIVIA, BRAZIL, CHILE, PARAGUAY AND URUGUAY)

**ENGAGING CIVIL SOCIETY TO INCREASE TRANSPARENCY AND
ACCOUNTABILITY**

(RG-M1041)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Daniel Shepherd (MIF), Project Team Leader; Nybia Laguarda (RE1/SC1); Jonathan Bloom (Consultant); Kai Hertz (INT/RTC); Antonio Gaspar (MIF); Roberto Fernández (COF/CUR); Geronimo Frigerio (LEG); and Milena Gaviria (MIF), who helped with document preparation.

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ABBREVIATIONS

CESI	Committee on Environment and Social Impact
CO	Country Office
CSO	Civil Society Organization
FONTRA	Regional Fund for the Promotion of Transparency [<i>Fondo Regional para la Promoción de la Transparencia</i>]
ICD	Institute for Communication and Development [<i>Instituto de Comunicación y Desarrollo</i>]
IDB	Inter-American Development Bank
MIF	Multilateral Investment Fund
PTF	Partnership for Transparency Fund

REGIONAL: ENGAGING CIVIL SOCIETY TO INCREASE TRANSPARENCY AND ACCOUNTABILITY

(RG-M1041)

I. EXECUTIVE SUMMARY

Executing Agency:	Institute for Communication and Development – ICD [<i>Instituto de Comunicación y Desarrollo</i>]
Beneficiaries:	The direct beneficiaries of the projects supported in Component II are some 30 civil society organizations that seek to promote transparency in their respective countries. The indirect beneficiaries of these efforts include private sector companies their workers and suppliers, government agencies and society as a whole by contributing to lessening the drain that corruption has for all citizens in terms of economic development.
Amount and Source:	Modality: Grant – Small Enterprise Development Facility (III-A) MIF: US\$ 600,000 Local: <u>US\$ 600,000</u> TOTAL: US\$ 1,200,000
Terms:	Execution Period: 36 months Disbursement Period: 42 months
Objectives and Description:	<p>The general objective of the program is to improve market functioning by increasing transparency in the participating countries. The purpose of the program is to support targeted small grant projects of civil society organizations that are focused on increasing transparency in different public and private sector economic activities.</p> <p>To achieve these objectives, the program will include the following two components: (i) Promotion and dissemination; and (ii) Regional Fund for the Promotion of Transparency – FONTRA.</p>
Environmental / Social Review:	The Committee on Environment and Social Impact (CESI) reviewed this project document in its meeting (40-04) held on October 15, 2004 without any comments.
Special Contractual Conditions:	As a condition prior to the first disbursement of the contribution, ICD must select the Program Director.
Relevant Initiatives of other International Organizations:	None.

II. BACKGROUND

A. The Problem of Corruption

- 2.1 Corruption is a matter of great and growing global concern. From avoiding taxes and duties to seizing state assets, corruption comes in many forms, from petty to grand. It can be immensely lucrative and hugely damaging, eroding the rule of law, the legitimacy of government, property rights, and incentives to invest and accumulate. Corruption obstructs economic and social development, undermines the state, discourages private investment and harms especially the poorest people. According to the 2003 Transparency International perceptions of corruption index, almost half of the countries in Latin America and the Caribbean rank in the bottom third of the 133 countries surveyed.
- 2.2 Bribers and extortionists seek protection for themselves and their activities, access to insider information regarding public procurement or actions, and influence over legislation or statutory regulations to benefit their interests. Corruption scandals are being uncovered regularly in every region of the world. Corruption , increases the cost of business transactions, undermining development and damaging peoples' lives.
- 2.3 Corruption hurts the poor most severely; it diverts public services from those who need them most and strangles private sector growth. Corruption undermines public support for development assistance by creating an erroneous perception that all assistance is affected by corruption. A recent report published by the Association of Certified Fraud Examiners finds that organizations—public and private—lose 6 percent of annual revenue to fraud and corruption each year.¹ Data from enterprise surveys has also helped in codifying the extent to which governance and corruption matters. For instance, in recent research, it was found that on average corruption is one of the top constraints to a firm in emerging markets. It was also found that the business sector could grow on average three percent a year faster where corruption is lower and property rights and the rule of law are improved.²
- 2.4 Public demand for transparency and integrity is growing. The primary responsibility for addressing corruption must take place within each country's borders and be spearheaded by partnerships among the respective government, the people and their civil society organizations, including associations of private sector companies. Thirty-four LAC governments have already vowed to fight widespread corruption in the hemisphere during the Organization of American States (OAS) annual general assembly in June 2004, recognizing "that corruption has a serious impact on public and private institutions, weakens economic growth and impinges upon the needs and fundamental interests of a country's most vulnerable social groups." This is an important step as reform depends on the political will of governments to address corruption.

¹ Association of Certified Fraud Examiners. 2004 Report to the Nation on Occupational Fraud and Abuse.

² G. Batra, D. Kaufmann and A.H.W. Stone. 2003. *Investment Climate Around the World: Voices of the Firms from the Business Environment Survey*.

B. Civil Society Organizations (CSOs) and Transparency

- 2.5 Experience over the last decade has shown that civil society initiatives are important in influencing governments' response to corruption. Civil society organizations (CSOs) have also demonstrated that they themselves can be an important resource to governments in terms of combating corruption. When CSOs demand greater transparency with regard to all public transactions, public officials and their business counterparts become more accountable and honest. This involves public campaigning and defining key actions (including detailed projects) for the reform of public sector procurement, contracting, granting of licenses, concessions and permits, budgeting, accounting and audit procedures. In recent years, considerable effort has been put into devising methodologies in these areas that either sharply reduce the opportunities for corruption or make it much more likely that corruption would be exposed and punished. These include greater reliance on market mechanisms, better-defined procedures, greater use of information technology to maintain inventories and record transactions, the publication and imposition of codes of ethics, and the introduction of tools such as public expenditure tracking and integrity pacts.
- 2.6 These efforts demonstrate that governments can work with civil society and the private sector in a joint effort to support initiatives that will address corruption. Mobilizing civil society to secure constructive initiatives to curb corruption is thus crucial to bring about better governance, which is a precondition for more rapid economic and social progress.

C. Instituto de Comunicación y Desarrollo (ICD) and the Partnership for Transparency Fund (PTF) model

- 2.7 The Instituto de Comunicación y Desarrollo (ICD) was founded in 1986 as a non-profit civic organization in Uruguay. ICD's main purpose is to contribute to the strengthening of civil society in its various forms and to strengthen citizen participation in democracy and in the development processes. Its mission is to produce knowledge and generate actions that promote awareness and contribute to a larger citizen participation in the democratic life, in the national development processes and in the regional integration. ICD strives for a democratic, inclusive and equitable development, where ethics and transparency are values embraced by all actors in society.
- 2.8 The Partnership for Transparency Fund (PTF) is a not-for-profit organization, established in 2000, as a spin-off organization of Transparency International, dedicated to assisting civil society combat corruption. PTF recognizes that civil society has a crucial role to play in the fight against corruption and in the promotion of transparent government. PTF has demonstrated that small grants made in support of carefully defined projects managed by effective CSOs can have a formidable direct impact on curbing corruption and establish precedent-setting insights and experiences for the design and implementation of future projects. To date, PTF had made grants totaling more than US\$800,000 in support of 46 projects – of which there are twelve in the Latin American and Caribbean region. These projects included: monitoring public auctions,

privatizations and the award of public contracts; overseeing the implementation of integrity pacts, assisting civil society involvement in the design of increased transparency measures; protecting whistle blowers; and supporting special anti-corruption media campaigns.

D. Proposed Program

- 2.9 The proposed Program is to support the efforts of CSOs that are interested in addressing and tackling corruption problems in their respective countries. To this end, the Program will provide grant support to targeted initiatives focused on reducing or eliminating corruptive practices that are affecting the competitive environment and market functioning. Other initiatives exist in the Region to help tackle this problem, but due to its pervasiveness and chronic nature, this issue merits further attention and alternative approaches and strategies so that the level of corruption can be minimized as much as possible.
- 2.10 An important aspect of this Program will be the participation of various private companies and other donors that are interested in providing financial support (see paragraph 5.1). The special interest of these companies, in this Program is due to several factors. By rooting out and reducing corruption, companies are able to compete on a more level playing field. Moreover, companies are able to avoid having to pay bribes in order to win contracts, thus decreasing their costs and also permitting them to be considered to be socially responsible companies. Participation by private firms provides MIF with the additional assurance that this Program would target areas and initiatives that have a direct benefit to market functioning in the region. In addition, by bringing in these companies and the private sector associations at the national level through a Consultative Council (see paragraph 4.5), the Program would attract increased support for transparency related efforts, thus improving its sustainability.
- 2.11 This proposal is based on three years of PTF experience around the world, which has demonstrated: (i) a strong demand by civil society for support for projects that increase transparency and accountability, especially among the public sector; and (ii) an urgent need to build a regional capacity and management mechanism (thus the central role of ICD) to promote efforts to increase transparency.
- 2.12 This Program will focus on the members (Argentina, Brazil, Paraguay and Uruguay) and associated countries (Bolivia and Chile) of the Mercosur. These countries (the “Region”) represent the spectrum of transparency ranking, thus providing a useful set of examples to demonstrate the importance of promoting transparency to improve the business climate. Also, most of them have relatively strong networks of CSOs, including some that have already started to work on tackling corruption in their respective countries.

III. PROJECT OBJECTIVES AND COMPONENTS

A. Objectives

- 3.1 The general objective of the Program is to improve market functioning by increasing transparency in the participating countries. The purpose of the

Program is to support targeted small grant projects of CSOs that are focused on increasing transparency in various public and private sector economic activities.

- 3.2 To achieve these objectives, the Program will include the following two components: (i) Promotion and dissemination; and (ii) Regional Fund for the Promotion of Transparency (FONTRA).

B. Components

Component I: Promotion and dissemination (MIF US\$ 27,600; Local Counterpart US\$ 6,900)

- 3.3 The purpose of this component is to promote the Program in each of the participating countries (Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay or “Region”) in order to ensure that eligible CSOs are aware of the opportunities it presents. This component will also disseminate the results of the Program, which will also help to promote its efforts and generate continued interest. The following activities are expected: (i) a series of initial events to promote the Program, including the use of the Internet; (ii) periodic bulletins to be prepared and sent via various virtual community networks of the Internet, to continue Program promotion and share experiences; and (iii) a final Regional conference to assess and disseminate the results of the Program.
- 3.4 The main events anticipated for the promotion of the Program are kick-off events in each of the countries. During implementation, there will be transmittal of information through periodic e-bulletins of the Civil Society On-Line, which is a virtual community managed by ICD that includes relevant information for CSOs throughout the Region. The Program will also take advantage of e-bulletins of other organizations and networks that are active in the region such as the *Red Informática para la Democracia*, CIVICUS, *Fundación Prohumana* in Chile, *Red Puente*, *Red Mercosur* and *Red de Responsabilidad Empresarial*, among others. The bulletins and newsletters of other organizations will also be utilized to disseminate information related to the Program.
- 3.5 For the dissemination of the Program findings and results, the principal activity will be a Regional conference at the end of the Program. This day and a half conference will highlight some of the key lessons learned and will showcase around six of the more innovative and interesting initiatives supported by the Program.

Component II: Regional Fund for the Promotion of Transparency – FONTRA. (MIF US\$ 366,375; Local Counterpart US\$ 551,800)

- 3.6 The objective of this component, utilizing the proposed Regional Fund for the Promotion of Transparency (*Fondo para la Promoción de la Transparencia* – FONTRA or “Fund”), is to provide grant support to targeted initiatives focused on

reducing or eliminating corruptive practices that are affecting the competitive environment and market functioning in a given country in the Region.

- 3.7 The Fund, which will finance some 30 grants, will be available to eligible CSOs within the Region, for initiatives that are focused on decreasing the level of corruption. Each initiative would be expected to contribute in a direct and significant way to reducing or preventing corruption. Other factors that are taken into consideration in selecting initiatives include whether: (a) it is innovative and could therefore serve as a model, domestically and/or internationally; (b) there are important lessons that might be learned; (c) the proposed actions are clear and include specific quantitative and qualitative indicators to measure results; and (d) implementing it would help strengthen the CSO's capacity to carry out anti-corruption work. A variety of approaches will be considered by this Program (see paragraph 2.8) as a means to demonstrate the potential for active CSO efforts related to anticorruption.
- 3.8 Proposals will be received in two ways. There will be two formal "Requests for Proposals", roughly one year apart, inviting eligible CSOs to apply, with initiatives selected on a competitive basis. In addition, meritorious proposals may be submitted at any time, through an "Open Window." All grants will have a maximum duration of one year, and all resources from the Fund must be committed before the end of month 30 and disbursed within six months after that. Proposals will be assessed by the ICD, with support from PTF, for their technical merit, innovativeness, replicability and adherence to the Program objectives, and on the ability of the CSOs to implement them. Potential projects will be evaluated and ranked with the stronger proposals being selected. Efforts will be include to ensure a diverse set of proposals and CSO beneficiaries.
- 3.9 The grants will generally be for between US\$10,000 and US\$30,000 each, with a maximum of US\$50,000, of which MIF resources will be used to cover 40% on average. An institutional matching financing from the CSO of at least 20 percent (20%) of the total cost of each project will generally apply. CSOs that are eligible to participate in the Program as Grantees shall: (i) be legally constituted and registered in a country in the Region; (ii) be governed by By-laws that allow them to enter into agreements with the Executing Agency; (iii) be subject to annual audits; and (iv) have the expertise required to carry out transparency promotion projects.
- 3.10 Each CSO grantee would be required to undertake the procurement of any goods and services in accordance to Bank policies and procedures. Each Grantee would also be required to conduct an external financial audit and manage separate accounts for the project's resources. (Please see the operational manual in Annex V for more details.)

IV. EXECUTING AGENCY AND EXECUTION MECHANISM

A. Executing Agency

- 4.1 The *Instituto de Comunicación y Desarrollo* (ICD) in Uruguay will be the executing agency for this regional project, with assistance from PTF. ICD is a non-profit civic association located in Uruguay with a regional and international focus. Founded in 1986, it has considerable experience in the design and execution of international cooperation projects. The principal goal of ICD is to strengthen civil society and its organizations in public life, and the participation of citizens in the democratic process. ICD has six full-time staff, six part-time staff and four consultants working on particular project related activities.
- 4.2 ICD has implemented a number of projects throughout the region focused on civil society organizations including a training and education program aimed to enhance the skills and capacities of grass-roots organizations, enabling them to acquire modern social management techniques and information and communication technologies. In addition, ICD has developed a directory of CSOs in Uruguay and has also trained journalists about the role of CSOs and has developed a virtual community with information and education resources for CSOs (www.lasociedadcivil.org). ICD has worked with many international agencies including Norwegian Agency for Development Cooperation (NORAD); Swedish International Development Agency (SIDA); Spanish Agency for International Cooperation (AECI); the World Bank; and the W.K. Kellogg Foundation, among others.
- 4.3 PTF is a not-for-profit organization, established in 2000, dedicated to assisting civil society combat corruption. It is the only non-governmental organization that is exclusively focused on providing small grants for specific CSO initiatives aimed at curbing corruption. PTF's Board of Directors, chaired by Kumi Naidoo, the CEO of CIVICUS, includes 12 people with active experience in economic development and civil society affairs. Half the Board members are citizens of developing countries. PTF's management, headed by retired executives from international development organizations, administers a rising volume of grants.

B. Execution Mechanism

- 4.4 For the administration of the activities, ICD will hire a full-time Program Director and a part-time administrative assistant. The Program Director will be responsible for: (i) drafting annual plans and managing project activities in accordance with them; (ii) supervising any consultants; (iii) monitoring the management and handling of the budget; (iv) employing established procedures; (iv) processing requests for disbursement of the Bank's contribution; (v) preparing information and reports for the use of the Consultative Council; (vi) submitting administrative and technical reports to the Bank; and (vii) coordinating necessary actions with the institutional partners and other entities involved. The Program Director will report to the Executive Director of ICD.

- 4.5 There will be a Consultative Council for the Program that will consist of representatives from private sector associations in the participating countries (principally corporate social responsibility related entities), financial contributors, ICD and PTF. The confirmed participants are: *Instituto Ethos* in Brazil; *Accion RSE* in Chile; *Asociación de Empresarios Cristianos* (ADEC) in Paraguay; *DERES* in Uruguay; *Interrupción* in Argentina. The Council will work across the different countries and will have the following responsibilities: (i) reviewing the progress of the Program; (ii) identifying ways to attract additional companies to participate; and (iii) assisting with disseminating the results of the Program.
- 4.6 Execution and disbursement periods of 36 and 42 months, respectively, are anticipated. A revolving fund will be set up for 15% of the MIF contribution, which will be disbursed and managed in a separate sub-account. The Executing Agency (ICD) will submit semi-annual financial reports on the status of the revolving fund to the Country Office (CO) in Uruguay. Disbursements of grant funds and the purchase of goods and the contracting of services will be done in accordance with Bank and MIF procedures.
- 4.7 **Procurement of goods and services.** For contracting consulting and training services and for the procurement of goods with MIF resources, the executing agency must comply with all the rules, procedures, and policies established by the Bank for that purpose. For contracting consulting services, the executing agency will use the methods of selection described in the policies for selection and contracting of consultants (document GN-2350-4). Similarly, the executing agency will adhere to the Bank's policies and rules for the procurement of goods, as established in document GN-2349-4. The initial draft procurement plan is set out in Annex IX in the project technical files. The executing agency will prepare a more detailed finalized procurement plan to be approved by the Bank.
- 4.8 **Status of project preparation.** The design and budget planned in the project have been prepared and discussed with ICD and PTF. A draft institutional agreement between ICD and PTF has already been prepared and will be signed prior to presenting this project to the Donors Committee (see Annex VIII in the technical files). ICD has confirmed financial contributions from various entities including two private companies (Odebrecht in Brazil and IRSA in Argentina) and has received expressions of interest from the Finnish and British governments (see Annex X in the technical files for the letters).

V. COST AND FINANCING

- 5.1 **Cost and financing.** The cost of the project is estimated at US\$ 1.2 million. The MIF will contribute US\$ 600,000 on a non-reimbursable basis and ICD will be responsible for US\$ 600,000 as counterpart contribution, of which at least half must be in cash. PTF would provide in kind support through its PTF volunteers who would assist the applicant CSOs in refining project design and assist the Program Director in reviewing proposals and supporting, monitoring and evaluating project implementation and results. The following table provides an overview of the use of project resources; details are in Annex II.

Table 1. BUDGET BY ACTIVITIES (IN US\$)				
ACTIVITIES	MIF	LOCAL COUNTERPART	TOTAL	%
I. Promotion and dissemination	27,600	6,900	34,500	2.9
II. Regional Fund for the Promotion of Transparency (FONTRA)	366,375	551,800	918,175	76.5
Administration	125,000	36,300	161,300	13.4
Evaluations	40,000	--	40,000	3.3
Financial Audits	15,000	--	15,000	1.3
Contingencies	26,025	5,000	31,025	2.6
TOTAL	600,000	600,000	1,200,000	100.0
Percentage	50%	50%	100.0	

- 5.2 **Sustainability.** The sustainability of this initiative is expected to be achieved on two distinct levels. At the level of the individual initiatives, each one is expected to result in direct economic savings for governments, private companies and society at large, thus improving efficiency in the use of resources. For the Program as a whole, it is expected that this effort will serve as a model, demonstrating the possibilities that exist for private sector companies, governments and CSOs working together for a common goal of improved transparency. By demonstrating these benefits, it is expected that more and more companies, and governments as well, will become interested in furthering these efforts with CSOs in the Region.

VI. BENEFITS AND RISKS

A. Benefits

- 6.1 The principal benefits of this program are would be improvements in the business and investment climate in the participating countries, which would: (i) reduce the economic cost of corruption, resulting in direct savings to governments and taxpayers; (ii) improve government and private business practices; (iii) help level the playing field for all competitors, thereby promoting economic efficiency and increased business for fair players; and (iv) promote more equitable economic development.

B. Beneficiaries

- 6.2 The direct beneficiaries of the projects supported in Component II would be approximately 30 CSOs that seek to promote transparency in their respective countries. The indirect beneficiaries of these efforts include private sector companies, their workers and suppliers, government agencies and society as a whole, as a result of lessening the drain that corruption has for all citizens in terms of economic development.

C. Risks

- 6.3 The following risks have been identified: (i) interest and demand of eligible CSOs in the Region to solicit resources may be less than expected. *Mitigant:* Through Component I, the Program includes resources for raising awareness and promoting this program among CSOs in the Region, but perhaps even more importantly, the opportunities presented by the project will be promoted through the participants in the Consultative Council, with representatives from each country (see paragraph 4.5); (ii) the executing agency may lack the institutional capacity to evaluate and oversee the numerous grants included in Component II across multiple countries. *Mitigant:* ICD has developed an extensive network of contacts throughout the Region that should assist with keeping track of the various initiatives. In addition, ICD will also be able to rely on the technical support of PTF in both appraisal and monitoring.

VII. MONITORING AND EVALUATION

- 7.1. **Monitoring.** The Executing Agency (ICD) will prepare and submit to the Bank's Country Office (CO) in Uruguay project progress reports within thirty (30) days after the completion of each semester and a final report within 30 days from the final disbursement. These reports will follow a format previously agreed with the CO and will address project activities and finances, as well as results measured in terms of the indicators and benchmarks identified in the project's logical framework. The CO will utilize these reports to monitor project implementation progress and to prepare a Project Completion Report within three months of the last disbursement. For each project supported in Component II, the MIF/Bank may undertake periodic visits as part of its monitoring efforts.
- 7.2. **Evaluations.** An intermediate and a final evaluation of the program will be undertaken by external consultants to be contracted directly by the Bank with project funds. The mid-term evaluation will be prepared 18 months after the commencement of project implementation or when 50% of the resources have been committed, whichever occurs first. A final evaluation will be conducted three months after the end of project execution or when 95% of the Bank's contribution has been disbursed. For the intermediate evaluation, the consultant will consider, among other items: (i) total number of proposals received by ICD; and (ii) the overall quality of the proposals and whether adjustments in the guidelines need to be made. For the final evaluation, the consultant will take into account: (i) the economic savings realized as a result of the grants provided in Component II; and (ii) the continued interest generated among private companies to continue supporting efforts with CSOs. For both evaluations, consideration will be given to the indicators highlighted in the Global Competitiveness Index.³
- 7.3. During the project's execution, the Executing Agency will compile supervision and project evaluation indicators. These indicators are set forth in the Logical

³ <http://www.weforum.org>

Framework (see Annex I) and will be used by the CO, the MIF Office and the Executing Agency to gauge the overall impact and to assess the results. The Executing Agency will provide access to all the information and documentation needed to conduct these evaluations.

VIII. ENVIRONMENTAL AND SOCIAL IMPACT

- 8.1 Given the nature of the proposed Program, adverse environmental and social impacts are not expected. Each of the small grant initiatives financed through the Program is intended to help alleviate the problems stemming from corruption, which often times have an unbalanced impact on the poor. Therefore, this Program is expected to lead to positive social changes that will help to make certain that resources are reaching the intended targets in the countries in the region. The Program will include measures to ensure equal access to all civil society organizations regardless of gender and ethnicity.
- 8.2 The Committee on Environment and Social Impact (CESI) reviewed this project document in its meeting (40-04) held on October 15, 2004, without any comments.

IX. SPECIAL CONTRACTUAL CONDITIONS

- 9.1 As a condition prior to the first disbursement of the contribution, ICD must select the Program Director.

LOGICAL FRAMEWORK

REGIONAL: ENGAGING CIVIL SOCIETY TO INCREASE TRANSPARENCY AND ACCOUNTABILITY (RG-M1041)

Narrative Summary	Indicators	Means of Verification	Assumptions
Goal			
Contribute to improve market functioning by reducing the occurrence of corruption throughout the region.	Two years after program completion: -FONTRA is growing and financially sustainable based on additional financial contributions, reflecting regional recognition derived from its impact. -An average increase of 10% in the number of CSOs in the region supporting activities that promote transparency.	-Ex-post assessment undertaken by ICD / PTF of individual projects supported by FONTRA. -Periodic surveys undertaken by chapters of Transparency International and other groups. -Information generated by national economic statistic agencies.	The general macroeconomic situation in the region remains stable.
Purpose			
Support targeted small grant projects of civil society organizations (CSOs) that are focused on increasing transparency in the participating countries.	At the conclusion of the program: -FONTRA is recognized as an effective mechanism to reduce corruption in the target countries. -CSOs obtained the following results in at least 70% of the approved projects: (i) Planned objectives and results indicators are successfully accomplished; (ii)Major project's beneficiaries report a positive perception about the impact of the CSO intervention.	Information generated by national economic statistic agencies. Mid-term and Final program evaluation reports, including surveys of satisfaction undertaken on individual projects. Baseline information for each supported project. PPMRs and Project Completion Report (PCR). Progress and final reports by ICD.	Civil society organizations remain interested and determined to intervene on transparency related issues.

		FONTRA monitoring system Third-party evaluations hired by ICD on 30% of the approved projects.	
Components			
Regional Fund for the Promotion of Transparency - FONTRA	<p>By the month 18 of program execution:</p> <ul style="list-style-type: none"> -At least 10 projects approved in the six countries involved with an average contribution of 60% from local counterparts. <p>At the conclusion of the program:</p> <ul style="list-style-type: none"> - 30 targeted small grants supported through this program with an average contribution of 60% from local counterparts. - At least 25 projects reach a satisfactory classification in the program's monitoring system. 	<p>Signed grant agreements with each participating grantee.</p> <p>Intermediate and final program evaluations.</p> <p>Progress and final reports by ICD.</p> <p>FONTRA monitoring system</p> <p>Third-party evaluations hired by ICD on 30% of the approved projects.</p> <p>Program monitoring system.</p>	A critical mass of civil society organizations working in this area of transparency exist in the countries and have the resources to cover part of the project costs.
Promotion and dissemination	<p>By the month 18 of program execution:</p> <ul style="list-style-type: none"> -At least 60 eligible proposals received (at least five per country). <p>At the conclusion of the program:</p> <ul style="list-style-type: none"> - At least 1,000 people with knowledge related to the results of the program.- - At least 30% of the initiatives with completed third-party evaluations and 10 successful case studies published. 	<p>Registry of participants attending the final conference; number of visitors on website; and number of recipients of e-bulletins.</p> <p>Final project evaluation and project completion report.</p> <p>Final reports prepared and submitted.</p> <p>Progress and final reports by ICD.</p> <p>FONTRA monitoring system</p> <p>Third-party evaluations hired by ICD on 30% of the approved projects.</p>	<p>Interest exists among the private sector, public sector and general society to learn about and participate in efforts to promote transparency.</p> <p>Large private companies keep their commitment to support FONTRA</p>

Activities			
1. Regional Fund for the Promotion of Transparency – FONTRA.	<ul style="list-style-type: none"> -First request for proposals and selection process completed by month six. -Second request for proposals and selection process completed by month 24. 	<p>FONTRA monitoring system</p> <p>Progress and final reports by ICD</p> <p>PPMRs and PCR</p> <p>Program Mid-term and Final evaluations</p>	<p>Large private companies are committed to support FONTRA</p> <p>There is a critical mass of CSOs with the necessary institutional capacity to submit eligible proposals for the Program.</p>
2. Promotion and dissemination.	<ul style="list-style-type: none"> -Program launching events in each of the countries by month six. -Program website functioning by month six. -Periodic e-bulletins of the Civil Society On-Line throughout the Program execution. -Establishment of a regional network of national supportive institutions in each of the six countries by month 12. -A sustainability / fund-raising strategy developed and being implemented by month 24. -A regional conference at the end of the Program. 	<p>FONTRA monitoring system</p> <p>Progress and final reports by ICD</p> <p>PPMRs and PCR</p> <p>Program Mid-term and Final evaluations</p> <p>Registry of participants attending the final conference; number of visitors on website; and number of recipients of e-bulletins.</p>	<p>A critical mass of CSOs interested in the area of transparency are reached in the six target countries through the promotion campaign of the program.</p> <p>There are potential local partners in the six target countries interested in supporting ICD in the execution and dissemination of the program.</p>

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AND ACCOUNTABILITY (RG-M1041)**

BUDGET SUMMARY

	Categories	MIF	Counterpart		Total
			Cash	In kind	
I	Component I: Promotion and dissemination	27,600	2,300	4,600	34,500
I.1	Promotion trips	8,000	0	0	8,000
I.2	Website, bulletins, etc.	4,600	0	4,600	9,200
I.3	Kick-off events (six countries)	10,200	600	0	10,800
I.4	Conference on best practices	4,800	1,700	0	6,500
II	Component II: Regional Fund for the Promotion of Transparency	366,375	305,800	246,000	918,175
II.1	Translation of materials	5,800	0	5,800	0
II.2	Initiatives	300,000	300,000	150,000	750,000
II.3	Review of proposals (time with PTF)	0	0	96,000	96,000
II.4	Monitoring of initiatives	21,375	0	0	21,375
II.5	Evaluations of 30% of the initiatives	45,000	0	0	45,000
III.	Administration	125,000	9,900	26,400	161,300
III.1	Director	81,000	0	0	81,000
III.2	Administrative assistant (part-time)	30,000	0	0	30,000
III.3	Assistant (part-time)	8,000	0	12,000	20,000
III.4	Office supplies	4,500	0	0	4,500
III.5	Communication costs (telephone, fax, mail)	0	9,900	0	9,900
III.6	General costs (lease and services)	0	0	14,400	14,400
III.7	Computers	1,500	0	0	1,500
IV.	Program evaluations	40,000	0	0	40,000
V.	Financial audits	15,000	0	0	15,000
VI.	Contingencies	26,025	5,000	0	31,025
	TOTAL	600,000	323,000	277,000	1,200,000

RELATED PROJECTS
ENGAGING CIVIL SOCIETY TO INCREASE TRANSPARENCY AND ACCOUNTABILITY
REGIONAL: ARGENTINA, BOLIVIA, BRAZIL, CHILE, PARAGUAY, AND URUGUAY
(RG-M1041)

A. Similar or related MIF projects

Project number / Date of approval	Project title, executing agency, and amount	Date of signing and disbursement period	Percent disbursed	Comments: Satisfactory execution or problems with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/MT-5909-RG 31 March 1998	Ensuring the Integrity of Financial Markets Inter-American Drug Abuse Control Commission (CICAD) US\$480,000	29 Sept. 1998 21 months (24-month extension)	100%	The project concluded satisfactorily (HS/HP). It provided a unique opportunity for financial regulators and bank officials to hold discussions on money laundering, which resulted in new forms of cooperation between them.

B. Similar or related Bank projects

Project number / Date of approval	Project title, executing agency, and amount	Date of signing and disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/SF-8659-PR March 2004	Transparency Program Support Transparencia Paraguay US\$150,000	6 May 2004 30 months	75%	The operation is supporting public procurement, pursuing activities to measure corruption and develop indicators, and communicating and disseminating outcomes.
ATN/SF-9044-BO December 2004	Support for Transparency in Public Administration Presidential Anticorruption Delegation US\$500,000	22 March 2005 30 months	15%	The operation will strengthen government administration and control systems, support the implementation of regulations on access to information, and instruct the public and civil society on their right to government information.

Project number / Date of approval	Project title, executing agency, and amount	Date of signing and disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems with execution, including delays, extensions, reformulations, change in executing agency, etc.
ATN/SF-8962-PR November 2004	Support for the National Plan of Integrity (CISNI) Consejo Impulsor del Sistema Nacional de Integridad [Council for the Promotion of the National Integrity System] US\$700,000	4 January 2005 30 months	15.45%	The project calls for the installation and operation of internal ethics and transparency bodies in at least six public institutions. The bodies will benefit from CISNI's wealth of specialized knowledge and will have as their mission to transfer this knowledge to the institutions they serve.
ATN/SF-8904-BO October 2004	Information Technology in the National Congress Office of the President of the National Congress US\$150,000	18 January 2005 12 months	38.81%	1) Strengthening of legislative procedures: Strengthening of the offices responsible for processing and managing legislative instruments, according to the flow regulated by the general regulations of each legislative chamber, to expedite and improve the technical quality of the information provided to the lawmakers and the public; and (2) Support for legislative decentralization: strengthen the departmental teams, in order to deepen the decentralization of legislative operations to increase the interest and participation of social organizations, civil organizations, and local and regional public institutions in legislative and oversight processes.
ATN/IP-9235-BO June 2005	Development Phase 1 E-procurement System (SECOM) of Bolivia Ministry of Finance US\$307,000	19 July 2005 18 months	4.89%	The program will have an indirect positive social impact, inasmuch as it will give the citizens greater control over the use of public resources. The development of SECOM is understood to entail changes in various areas of government that go beyond the simple procurement of hardware and software, such as: development of human resources, development of new management capacity, legislation, ensuring the sustainability of the system, transparency and accountability, and training for suppliers and buyers.

Project number / Date of approval	Project title, executing agency, and amount	Date of signing and disbursement period in months	Percent disbursed	Comments: Satisfactory execution or problems with execution, including delays, extensions, reformulations, change in executing agency, etc.
1678/SF-BO November 2005	Support for the National Public Investment System Ministry of Finance US\$13 million	19 December 2005 60 months	0%	The operation is expected to produce the following results: (i) consolidation of the SNIP in decentralized bodies and municipal governments with more than 25,000 inhabitants. (ii) suitable methodological instruments and tools to help develop a public investment system based on efficient allocation of public resources and results-based management; (iii) civil servants trained in the project cycle; (iv) development of a portfolio of viable public investment projects, which are available in the investment project bank; and (v) better allocation of resources available for public investment, through the development of projects backed by feasibility studies and their subsequent inclusion for budgetary funding.
1603/OC-AR December 2004	Program for the Institutional Strengthening of the Argentine Senate Senate – Office of the President	4 May 2005 60 months	5%	The program has three groups of benefits: (1) it will help to buttress the incipient Senate reform process, which should eventually give Argentina's democratic institutions greater credibility; (2) it will foster improvements to both the legislative process and the very quality of the law, supporting the legislature itself; and (3) the introduction of modern administration and management systems should raise the level of efficiency and transparency in the use of Senate resources.

C. MIF projects related to the same sector of beneficiaries

N/A

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/06

Regional. Nonreimbursable Technical Cooperation ATN/ME-____-RG
Engaging Civil Society to Increase Transparency and Accountability

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Institute for Communication and Development – ICD, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to technical cooperation to engage civil society to increase transparency and accountability.
2. That up to the amount of US\$600,000 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/RG-701787-06
RG-M1041