

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Dashboard of Transparency and Integrity Policy Developments in Latin America and The Caribbean
▪ TC Number:	RG-T4034
▪ Team Leader/Members:	Lagarda Cuevas, Guillermo (IFD/ICS) Team Leader; De Michele, Roberto (IFD/ICS) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Aguilar Blandon, Maria Alejandra (IFD/ICS); De Simone, Francesco (IFD/ICS); Manzano, Osmel Enrique (CAN/CAN); Prat Cordero, Jordi (CID/CID); Rosenblatt, David Louis (CCB/CCB); Ruiz Arranz, Marta (CID/CID)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Latin American and Caribbean Countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Countries(CTY)
▪ IDB Funding Requested:	US\$200,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	January 1st, 2022
▪ Types of consultants:	Individuals and firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Economic integration; Institutional capacity and rule of law; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 **Context.** The countries of the region face the challenge of responding to the impact generated by the COVID-19 pandemic effectively, with spending and investment policies that boost economic reactivation. In the face of shrinking budgets, governments need not only overcoming technical and allocative efficiencies, but more importantly, curbing institutional failings that lead to integrity issues and corruption. By doing so countries may expect the reduction of public resource losses, for instance, those due to irregular public procurement processes, those resulting from lower tax collection, trade contraband, or money laundering. In this context, integrity and transparency are essential to: (i) strengthen the allocation and execution of public spending; (ii) guarantee the efficiency of public investment projects; (iii) strengthen internal and external control, and accountability; (iv) improve the business climate to boost investments; and (v) increase the confidence of citizens in management, policies and institutions.

- 2.2 **Justification.** There is consensus that integrity issues and corruption require responses that adopt a collective action approach, which includes both public and private sectors' commitment. Countries in Latin America and the Caribbean (LAC) face important challenges related to integrity and transparency reforms involving both, the public and private. In this sense, the IDB's Report of the Expert Advisory Group on Anti-corruption, Transparency, and Integrity in LAC (the "[Report of the Expert Advisory Group](#)") recommends a multi-layered approach that requires collective action by governments, the private sector, civil society, and international institutions to tackle the roots of corruption and policy capture through global, regional, and domestic initiatives. In other words, both the public and the private sector need to collaborate and agree on the importance of maintaining the highest standards of ethics and integrity that will govern their actions. This is the approach followed by the IDB Group Transparency and Integrity Sector Framework Document, which encourages the IDB Group to seek interventions that have both a public and a private engagement. Moreover, the IDB has the expertise to help LAC countries keep up with transparency and integrity standards. The IDB plays an important role in LAC to help countries improve their institutional capacities by promoting transparency and integrity policies. Since 2007, the IDB has financed policy and investment programs for about US\$2,000 million, provided technical assistance for about US\$22.4 million, and produced at least 25 high impact knowledge products.
- 2.3 **Measuring corruption and integrity is challenging.** The complexity and underground nature of corruption and other integrity issues do not allow direct observation. Thus, other methods such as perception surveys are the most widely used and accepted. The classification of the level of corruption by country serves to provide a general measure of the incidence of problem, but it does not reflect the actions taken to combat it. An additional drawback of these indices is their failure to distinguish among various types of corruption: high-level versus low-level corruption or well-organized versus poorly organized corruption. The same can be expected in other rankings, for instance, government transparency or financial integrity. Despite these limitations, the indices provide a wealth of useful information.
- 2.4 **Quantifying economic losses due to transparency and integrity deficiencies is a valuable input for policy design.** It is therefore important in analyzing the relationship between perception indicators and economic variables. In this regard, there is scattered evidence for LAC the effects of corruption, transparency and integrity deficiencies on economic growth, private investment, public expenditure or investment multipliers. Researchers and policy designers must be cautious about interpreting correlations as cause-effect relationships. Yet, in order to continue deepening knowledge on the subject is critical to track the outcomes and create novel data collection of all policy developments in the area of transparency and integrity, including but not limited to legal reforms, technology acquisition, action plans, etc. The IDB is well suited to take the lead on this regard.
- 2.5 **Objective.** The general objective of this Technical Cooperation (TC) is to support LAC governments in their efforts to improve evidence-based policymaking in the area of transparency and integrity. The specific objectives are: (i) to create a qualitative dashboard that maps transparency and integrity policies promoted by the IDB into

qualitative results and selected macrofiscal outcomes¹; (ii) to use this dashboard to track the progress (indicators as measured by the Office of Strategic Planning and Development Effectiveness - SPD) of all transparency and integrity loan programs by the IDB and provide valuable inputs for knowledge documents. Altogether, will provide valuable insights to better tailor policy actions in LAC countries; and (iii) to use the dashboard to generate knowledge that will serve to strengthen the provision of technical assistance to IDB member countries.

- 2.6 **Strategic Alignment.** The proposed TC is consistent with the Second Update to the IDB Institutional Strategy (2020-2023) (AB-3190-2) which indicates that the IDB Group will place special emphasis on promoting transparency and integrity to strengthen institutional capacity and the rule of law. Under the IDB Institutional Strategy, transparency and integrity are defined as a key focus area. It is aligned with the development challenges of: (i) Productivity and Innovation by introducing the use of technology tools to better tailor policy actions for countries in LAC; and (ii) Economic integration since it will provide valuable insights to boost economic reactivation. It is consistent with the cross-cutting issue of Institutional Capacity and the Rule of Law by providing LAC governments with knowledge and more effective solutions to better face the challenges of transparency and integrity. This TC is also aligned to the lines of action defined in the Sector Framework Document (SFD) on Transparency and Integrity (GN-2981-1). The SFD is consistent with the definitions of the Second Update to the Institutional Strategy. Both documents consider transparency and integrity as a cross-cutting issue and require the IDB Group to seek interventions that have both a public and a private engagement. The project also aligns with the objectives of the Ordinary Capital Strategic Development Program for Countries' focus on strengthening the capacity of Public Agencies in small and vulnerable countries to design, plan, and assess public policies. It will also contribute with the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12), through level 2, indicator 27 Agencies with strengthened transparency and integrity practices. Finally, this TC is consistent with the IDB Group's Vision 2025 and its tier 2 "Strengthening the IDB Group financial response capacity and value proposition", by an enhanced value proposition through digital transformation.
- 2.7 **Beneficiaries.** The knowledge and evidence produced under the *Dashboard* will benefit the preparation of Country Development Challenges (CDCs), IDB Group Country Strategies (EBPs), and Knowledge products: First, by tracking the state of institutional capacities and comparing to other benchmarks it will define how far away countries are from the ideal frontier. This is an input directly usable for the CDCs Document. Additionally, because it will cover all member countries it will be an input available for country economists working on them. Second, it is also a useful tool for the programmatic process. Because the dashboard will track each of the transparency and integrity technical assistance and programs by the IDB together with their progress indicators it will provide valuable insights for the IDB team leaders and for the country-counterpart in a variety of activities, including technical assistance, policy formulation and project design. Finally, it will also provide a valuable dataset available for knowledge products, technical notes or briefs.

¹ Among qualitative indicators the dashboard will read in, but not limited to, World Governance Indicators, Basel Index components, Transparency International, as well as other related to different areas of transparency.

- 2.8 Additionally, given the regional nature of this technical cooperation, all borrowing member countries of the IDB will be beneficiaries of the outputs generated by this project. Final beneficiaries of this analytical work will be governments, policymakers, academia, and practitioners. Specifically, practitioners and government officials from the Ministries of Finance, Anticorruption Agencies, Financial Intelligence Units and policy makers working in these areas will be benefited by having access to dashboard data that can help them make decisions and build public policies based on evidence. The Dashboard will support the generation, dissemination and use of knowledge related to the IDB's borrowing member countries in LAC.²
- 2.9 **Sustainability.** To ensure sustainability and implementation of the products and results of the TC, the project team will seek to create synergies with the operational and research agenda of the Bank in the countries. It is expected that strategies, reports, and instruments generated by this TC will support the design, implementation and/or evaluation of projects related transparency and integrity. To ensure sustainability beyond the life of this TC, the Transparency and Integrity Cluster of IFD/ICS will identify a member that will be in charge of data management to keep updated the dashboard. Moreover, the software platform will be selected such that maintenance requirements are minimal, always in coordination with KIC.
- 2.10 **Complementarity.** This Transparency and Integrity Dashboard is aligned with other IDB initiatives: InvestmentMap promoted by the Transparency and Integrity Cluster (IFD/ICS), compiles information about public investment or contracts in a visual and accessible way to all, including the private sector and citizens in general. Also, synergies may also happen with other ICS initiatives, including the [Center of Government](#) (CoG) and [Management by Results](#) (GxR).

III. Description of activities/components and budget

- 3.1 **Component 1: Dashboard of Transparency and Integrity Policy Developments (US\$120,000).** The objective of this component is to design and implement a dashboard that will allow collect, organize and visualize statistics and information about various indicators of transparency, integrity and corruption for LAC. The dashboard will be accessible for all public³. The Dashboard contains a visual interface showing charts and tables for a selection of indices including general statistics, correlations, elasticities. The Dashboard will read in a well-structure datalake of information constructed by compiling multiple data sources and direct collection including progress indicators of the IDB transparency programs with countries. Thus, as a first step, this component will specifically finance the compilation of relevant data, including algorithmic processes (STATA or R Module) for cleaning, automated updating (when possible), and the estimation or calculation of relevant indicators. Then, as a second step, this component will finance the design and implementation of the dashboard.
- 3.2 **Component 2: Generation of knowledge that will serve to strengthen the provision of technical assistance to IDB member countries (US\$80,000).** The objective of this component is to facilitate the development of cutting-edge knowledge products. In addition, the *Dashboard* will foster knowledge exchange that will guide

² During the implementation the team will be fully coordinated with the country representations. Moreover, during the preparation and design the team will ask for feedback from potential users both in the Bank and the beneficiary countries.

³ All data included in the dashboard is open access, thus, the dashboard will be accessible for all public.

governments in their efforts to develop transparency and integrity policies based on evidence. Specifically, this component will finance: (i) studies and research proposals⁴ technically rigorous (including those analyzing processes, implementation, cost-effectiveness, and impact of transparency and integrity interventions) that will contribute to fill existing knowledge gaps, inform evidence-based policymaking and policy management. (ii) two virtual dissemination workshops between IDB specialists, the scientific committee, government officials, and representatives from the private sector.

- 3.3 The total budget of the TC is US\$200,000, financed with resources from Ordinary Capital of Strategic Development Program for Countries (CTY).

Indicative Budget (US\$)

Activity/ Component	Description	Total Funding (IDB)
Component 1	Dashboard of Transparency and Integrity Policy Developments	110,000
	• Compilation of relevant data, including algorithmic processes	45,000
	• Design and implementation of the dashboard	65,000
Component 2	Generation of knowledge that will serve to strengthen the provision of technical assistance to IDB member countries	90,000
	• Knowledge products	80,000
	• 2 Workshops for dissemination	10,000

IV. Executing agency and execution structure

- 4.1 According to the section 1.1 of annex II of the OP-619-4 “Research and Dissemination” technical cooperation are Bank initiatives, hence the bank is responsible for the selection and hiring of consultancy services. This TC will be executed by the IDB through its Innovation in Citizen Services Division (IFD/ICS) and will benefit all IDB member countries. The Bank has a unique comparative advantage, as a knowledge broker in the transparency and integrity field in LAC, to lead and implement this regional effort and to articulate the efforts between countries. Based on the extensive reach of the TC to the member countries, as well as the capacity of the Bank to connect and coordinate with all of the countries in regard to access to the information and knowledge generated by this TC, the Bank has a unique comparative advantage. In addition, this operation will benefit from the Bank’s execution with regards to all the hiring and procurement processes, which will be done directly and exclusively by the Bank.

⁴ The knowledge products will focus on closing the knowledge gaps identified in the Transparency and Integrity Sector Framework. The criteria under which the proposals will be evaluated are the following: (i) quality of the research methodology; (ii) policy relevance and the extent to which research responds to one or more of the thematic areas prioritized in the call; (iii) credentials of the research members; (iv) potential to be replicated and scalable; (v) can be completed during a maximum of 24 months including the production of a working paper; and (vi) proposals will be selected taking into account a balanced representation of different countries and geographic regions. There is an expectation of at least 2 knowledge products.

- 4.2 The Project Team Leader will be responsible for execution, in coordination with the other team members. All administrative and technical supervision procedures will be the responsibility of IFD/ICS. The IDB will conduct the procurement of consulting services required for TC implementation, according to the Bank's policies and procedures. The TC will be implemented over 24 months.
- 4.3 All activities to be executed under this TC have been included in the Procurement Plan (Annex III) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for hiring of individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for contracting of consulting firms for services of an intellectual nature; and (c) GN-2303-28 for contracting of logistics and other related services other than consulting.

V. Major issues

- 5.1 The main risk is associated with the sustainability of the dashboard in terms of content and the update of the automated modules after this TC has been executed. To mitigate this risk, (in addition to paragraph ¶2.9) the TC deliverables will include a step-by-step guide and documentation for users on how to update the module to ensure raw data access and correct export of reports and indicators.

VI. Exceptions to Bank policy

- 6.1 This operation does not foresee any exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects or associated environmental and social studies; therefore, it does not have applicable requirements of the Bank's Environmental and Social Policy Framework (MPAS).

Required Annexes:

[Results Matrix - RG-T4034](#)

[Terms of Reference - RG-T4034](#)

[Procurement Plan - RG-T4034](#)