



# ANNUAL REPORT OF THE JOINT SUMMIT WORKING GROUP

## XXXV MEETING OF THE SUMMIT IMPLEMENTATION REVIEW GROUP (SIRG)

### THE FIGHT AGAINST CORRUPTION

Quito, Ecuador  
June 2004  
Summits of the Americas Secretariat

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## **PREFACE**

This report of the Joint Summit Working Group (JSWG) documents the activities undertaken by the partner institutions of the Summit Process in the follow-up to the mandates from the Heads of State and Government in the Fight against Corruption.

During the Third Summit of the Americas, held in Québec City, Canada, in April of 2001, the partner institutions of the Summit process (OAS, ECLAC, IDB, PAHO and the World Bank), with the coordination of the OAS, presented their first joint hemispheric report which outlined the activities developed in fulfillment of mandates of the Second Summit of the Americas held in Santiago, Chile, in April of 1998.

As a result of the Third Summit of the Americas the role of these institutions has become more relevant. The Quebec City Plan of Action underscored the need for coordination in the Inter-American system and welcomed the engagement of international organizations in all stages of the Summit of the Americas process.

In follow up to this mandate, the aforementioned institutions signed, in June of 2001, a Letter of Understanding, which created the Joint Summit Working Group (JSWG). The Group's objective is to increase coordination in the implementation and the follow up to Summit mandates. Shortly thereafter, the Group invited the Inter-American Institute for Cooperation on Agriculture (IICA), the Andean Corporation for Development (CAF), the Caribbean Development Bank (CDB) and the Central American Bank for Economic Integration (BCIE) to participate in their activities. This group of institutions has offered continuous technical support to countries, recognizing the importance given to the Summit process, in defining the inter-American and multilateral agendas and priorities of the region.

In the preparatory activities for the Special Summit of the Americas, which took place on January 12-13, 2004, in Monterrey, Nuevo Leon, Mexico, the participation of the institutions was fundamental. The institutions were present during the negotiations and provided, as requested, technical support to Governments on different subjects that formed part of the debate. During the Special Summit, the Heads of State and Government consulted the heads of the institutions in their respective areas of specialization. This active interaction and exchange demonstrates the commitment of the institutions to the Summits of the Americas, as well as recognition from countries of the contributions that these organizations can make to fulfill the objectives established in the Summits Declarations and Plans of Action.

In the past two years, the JSWG presented annual reports that included the activities undertaken by the institutions in the 18 themes of the Québec City Plan of Action. This year, the Group considered it advisable to focus on only one Summit theme for the purpose of providing a more substantive vision of its activities. The report of the Joint Summit Working Group presents the activities undertaken in fulfillment of the mandates related to the central theme of the XXXIV General Assembly of the OAS, "The impact of Corruption on Social Development and Democracy".

The Fight against Corruption presents an ongoing challenge in different fields. Corruption negatively influences social and economic development, debilitates democracies, and affects the governance of a region. This document provides a general understanding of the work of the institutions in this issue, including the fight against corruption, good governance, empowering local governments, justice, rule of law and the security of the individual, trans-border crime, money laundering and drugs, and, finally, institutional transparency. The report also presents a wide array of activities and reflects the type of support that each institution provides according to their nature and areas of expertise.

In the report, some institutions describe specific projects, while others include information about training courses and other activities directed to increase awareness on corruption. The information demonstrates that there are strong examples of coordination and congruency between different institutions; such is the case with the OAS and the World Bank in the work of the Group of Experts of the Follow up Mechanism for the Implementation of the Inter-American Convention against the Corruption. In the context of the OAS, countries developed recommendations that will soon be implemented with the support of the World Bank. Another example is the collaboration between the IADB, ECLAC and the World Bank, which organized a joint seminar on fiscal policy and transparency.

In general, the JSWG supports the countries in the implementation of mandates in this area with specific projects of technical assistance, sharing of best practices, organizing seminars to promote awareness, supporting the implementation of recommendations, and preparing diagnoses, based on each others comparative advantages adding value to this joint effort.

The coordination of efforts in support of the follow up and implementation of Summits of the Americas mandates represents a great challenge for the Joint Summit Working Group. The members of the JSWG have committed themselves to achieve greater presence of Summit mandates in their own agendas and in their technical and financial cooperation initiatives. The JSWG is determined to continue its intensified cooperation in providing its support to the governments in the implementation and follow up of Summit mandates, by developing evaluation mechanisms, designing indicators, preparing diagnoses, financing programs and projects and identifying gaps that limit the social and economic development of the Americas.

Finally, it is necessary to recognize that the Summit Process has given new energy to hemispheric relations. The Summits of the Americas process revitalized the Inter-American agenda and recognized the importance of the Inter-American and international organizations, such as the members of the Joint Summit Working Group, as crucial actors for the promotion of solidarity and collective action committed to a better future for the Americas.

Cesar Gaviria  
Secretary General  
Organization of American States

## Introduction

IDB  
WORLD  
BANK  
OAS  
ECLAC  
IICA  
CAF  
CABEI

*“We recognize that corruption and impunity weaken public and private institutions, erode social values, undermine the rule of law, and distort economies and the allocation of resources for development.”*

--Declaration of Nuevo León

The last two Summits of the Americas resulted in Declarations, endorsed by the Heads of State and Government, which identified the restraint of corruption and the strengthening of government as keys to the economic and social development of the region. The Quebec and Nuevo Leon Declarations indicate a number of key challenges for Governments and international organizations to create a more just and efficient environment for the citizens of the region. Some of the key areas for countries and multilateral partners include:

- **Establishing explicit anti-corruption conventions to create greater cooperation and partnership;**
- **Building transparent and accountable governments, particularly in the area of financial management;**
- **Empowering Local Government**
- **Making the Justice system stronger, more independent, and more accessible;**
- **Combating cross-border crime, money laundering, and drug-trafficking.**

In addition, to ensure that the international organizations that support member countries in the region are as effective—and are seen to be effective—as can be in supporting country efforts in anti-corruption and good governance, the Declarations have stressed the continuing importance of openness and accessibility of the institutions. Therefore, this report includes efforts by many of the institutions in the area of:

- **Transparency and openness of International Organizations.**

## Fight Against Corruption

# Quebec and Nuevo León Mandates

- Support the Inter-American Convention Against Corruption, and promote effective implementation of the Convention through the Inter-American Program for Cooperation in the Fight Against Corruption and associated technical cooperation programs and activities, including those of relevant multilateral organizations and MDBs, in the area of good governance and in the fight against corruption...(Quebec)
- We charge the upcoming meeting of the Conference of States Parties to the Follow-Up Mechanism of the Convention with proposing specific measures to strengthen this mechanism. (Nuevo León)
- Support follow-up mechanisms to the Inter-American Convention against Corruption (Quebec and Nuevo León)
- We agree to hold consultations in the event that adherence to our shared transparency and anticorruption objectives, as articulated in the Inter-American Convention against Corruption, is compromised to a serious degree in any of our countries. (Nuevo León)
- Support strengthening the Inter-American Network of Institutions and Experts in the Fight Against Corruption. (Quebec)
- Strengthen, in cooperation with multilateral organizations and MDBs, the participation of civil society in the fight against corruption. (Quebec)
- Continue to promote policies, processes and mechanisms that protect the public interest, the use of disclosure of assets mechanisms for public officials. (Quebec)
- To intensify efforts to combat corruption and other unethical practices in the public and/or private sectors (Nuevo León)
- Express our concern regarding corrupt, illegal and fraudulent practices in the management of some national and transnational enterprises...(Nuevo León)

# IDB

The IDB has:

- Provided technical assistance as requested by member countries to promote good governance and assist in the fight against corruption.
- Shared recommendations from the eight Monitoring Reports with the IDB's Operational Departments to assess their relevance to country programming exercises.
- Approved technical cooperation for follow-up by civil society organizations to the implementation of the Quebec Summit of the Americas Action Plan.
- Prepared a strategy and action plan to combat corruption in Honduras.
- Supported Paraguay to put into place a national Anti-Corruption plan.
- Hosted an international meeting in Brazil on the Ethical Dimensions of Development. Each session focused on building a culture of transparency and instilling ethical integrity in public and private sector employees.

# WORLD BANK

The World Bank, through the WBI, has been developing in-depth analysis of the corruption issue and provided with instruments to control corruption through the implementation of administrative tools that are enhancing transparency and improving control system in countries along the region. It is expected that the World Bank will open up new areas of analytical and operational work in order to address corruption in the political system; law enforcement and social accountability.

The World Bank is offering its support to the Group of experts of the Follow-up Mechanism for the Implementation of the Inter-American Convention Against Corruption toward the implementation of recommendations and action plans that resulted from peer-reviewing exercises. Each State-Party needs to implement actions agreed upon with their country partners and thereby requires technical assistance that could be provided by the Bank.

In parallel, as a result of the strong declaration from the two most recent Summits of the Americas, the World Bank is also offering its support to the Nicaraguan Government to organize and define the scope of the Ministerial meeting on Corruption to be held in July 2004. It is expected that such an exercise could result in a country-by-country evaluation of the compliance of OAS Conventions as well as individual actions plans to reach minimum standards in a given timeframe (two to three years). Then the World Bank would be able to work with each country in filling up their technical assistance needs.

Both initiatives are complementary and would allow the World Bank to play a more effective role in providing not only analytical work and training, as done so far through World Bank Institute work, but also responding with its operational capacity and lending products (Technical Assistance and Police based loans).

# OAS

## OAS Technical Secretariat for Legal Cooperation Mechanisms

- This office oversaw the support for the Ratification and Implementation of the Inter-American Convention against Corruption in the Caribbean countries and Brazil. The objective was to build on the success of previous projects, and focused on Brazil, as well as several countries of the Caribbean region, that had not taken significant steps to implement, or had not yet ratified, the Convention. The participating countries from the Caribbean region included: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Suriname. The most recent National Conference was held in Suriname in December 2003. To date 30 out of the 34 OAS Member States have ratified the Convention.
- The First Meeting of the Conference of States Parties within the Follow-up Mechanism for the Implementation of the Inter-American Convention Against Corruption (MESICIC) framework was held on April 1 and 2, 2004, at OAS Headquarters. The Conclusions and Recommendations on Concrete Measures to Strengthen MESICIC are published in document SG/MESICIC/doc. 103/04.
- The Technical Secretariat provides services to the Conference of States Parties and to the Committee of Experts of the Follow-up Mechanism for the Implementation of the Inter-American Convention Against Corruption. To date the Committee of Experts has held five meetings in which eight States Parties have been reviewed (Argentina, Colombia, Nicaragua, Paraguay, Uruguay, Panama, Ecuador and Chile); the last being held in late February 2004.
- Prior to the Committee's first meeting, a seminar was held with the support of the Secretariat to learn about the experiences, organization and operations of other international monitoring mechanisms. The seminar was an opportunity to gather useful decision-making elements and information that the Committee could adopt in its own work. In the seminar, the following mechanism models were considered: the OECD, the Council of Europe GRECO, the GAFI-FATF on the subject of money laundering, and the MEM from CICAD with respect to the drug problem. Likewise, a special session was organized in relation to technical cooperation programs or projects of other international organizations in areas related to the Convention. Representatives from the World Bank, the IDB, USAID and CIDA participated
- The Technical Secretariat for Legal Cooperation Mechanisms has entered into an agreement with the Canadian International Development Agency in supporting the Implementation of the Mechanism's recommendations in the first four countries reviewed. (Argentina, Colombia, Nicaragua and Paraguay).

# OAS

The Summits of the Americas Secretariat and the Permanent Mission of Nicaragua to the OAS organized a Panel on Corruption, which took place on May 20, 2004 at the OAS headquarters in Washington, D.C., in preparation for the meeting of State Parties to the Inter-American Convention against Corruption, to be held in Managua, Nicaragua in July 8-9, 2004. The Panel included representatives from Transparency International, the Heritage Foundation, the Inter-American Development Bank and the World Bank.

## Inter-American Agency for Cooperation and Development (IACD)

- The IACD is active on the issue of corporate social responsibility (CSR). This is being achieved particularly through a project developed with Foro EMPRESA (Chile-base regional CSR organization) on awareness and implementation of CSR at the small and medium enterprise level. The IACD is also collaborating with the Young Americas Business Trust and the World Bank Institute to raise the CSR profile for young regional entrepreneurs.
- The IACD, via the Trust for the Americas, organized an anti-corruption conference in Mexico ([Mexico contra la corrupción](#)), which was presided by President Fox. The event was a success, with a television audience of more than 10,000 and 1 million Internet hits.
- The Trust for the Americas convened two major regional anti-corruption conferences. In San Jose, Costa Rica and in Cartagena, Colombia, Heads of State, other senior government officials, and representatives from civil society, the business sector, academia and the media participated in two-day meetings on the topic. Each event brought together approximately 300 participants to exchange ideas and to hear from some of the world's leading academics, analysts and practitioners in the anti-corruption field.
- The Trust for the Americas offered four weeklong training courses to investigative journalists on how to cover and report on corruption. In La Paz, Bolivia; San Jose, Costa Rica; Cartagena, Colombia and Mexico City, Mexico. The Trust has trained over 200 investigative journalists, developed curriculum for training journalists on how to investigate and report on finance, governance and corruption, in collaboration with specialists from Radio Nederland, the Swiss Procurement Company, the World Bank Institute and the Center for International Private Enterprise.

# CABEI

CABEI believes a strong and accountable financial sector plays an important role in promoting sustainable economic growth.

- CABEI's Program for the Strengthening of Banking Supervision in Central America will benefit the superintendence of the five member countries of the Bank. As part of its work, last February 2004 a Standardized Account Manual was presented for the consideration of the regulating agencies of the region. In the short term a training event about money laundering will take place, with instructors from the Latin American Federation of Banks (FELABAN), addressed to the regulatory agencies and the financial system of Central America.
- In 2002 CABEI provided non-reimbursable funds to the Government of Honduras, for the first stage of a technical cooperation project for the creation of a new Comptroller Organism, to be executed by the General Comptroller and the Direction for Administrative Probity.

## Good Governance

# Quebec and Nuevo Leon Mandates

- Promote cooperation among national agencies in the Hemisphere charged with the development and maintenance of procedures and practices for the preparation, presentation and oversight of public accounts, with technical assistance where appropriate from multilateral organizations and MDBs...(Quebec)
- Encourage cooperation and exchange of experiences and parliamentary best practices between national legislators of the Hemisphere...(Quebec)
- Work jointly to facilitate cooperation to guarantee [...] access to and freedom of information...(Quebec)
- Create and implement programs with the technical and financial support, where appropriate, of multilateral organizations and MDBs, to facilitate public participation and transparency, using information and communications technologies where applicable...(Quebec)
- Promote transparency in political process ... (Nuevo León)
- We underscore the importance of rules to ensure the transparency of party finances to prevent corruption.....(Nuevo León)

# IDB

- The IDB's Regional Policy Dialogue on Transparency and Public Management held its last meeting in December 2003, and is currently in the process of concluding a comprehensive evaluation of civil service in all IDB beneficiary member countries in preparation for the fifth meeting scheduled for November 2004. The IDB has been hosting annual meetings of the Network since 2001, and has produced a substantial amount of research and statistical information for the member countries.

In addition, the IDB has:

- Developed a broad lending and technical cooperation program to help the region's countries strengthen their auditing systems and maintain fiscal transparency. Such programs have been approved for Guatemala, Nicaragua, El Salvador, Honduras, Dominican Republic, Panama, Guyana, Colombia, Peru, Argentina, Bolivia, Brasil, Chile and Paraguay.
- Approved steps to modernize the public sector for El Salvador, Guatemala, Trinidad and Tobago, Peru, Colombia and Uruguay. Some projects include components to strengthen systems for public employees to declare their incomes, assets and liabilities.
- Approved programs to strengthen and modernize the national procurements systems in Guatemala, Honduras, Nicaragua, Chile, Paraguay and Uruguay. These programs focused on making government procurement more efficient and transparent.
- Approved projects to support the national legislatures of several member countries including El Salvador, Honduras, and Peru. Components of these project developed offices to oversee public spending.
- Actively participated in the Inter-American Political Parties Forum (FIAPP), chaired by the OAS. The first four forums held in 2001, 2002, 2003 and 2004 focused on promoting party plurality, increased political participation, and improvement of the transparency and accountability of political parties.

# WORLD BANK

- Good Governance Depends on: a) Increasing Political Accountability; b) Strengthening Civil Society Participation; c) Creating a competitive private sector; d) Strengthening institutional restraints on power; e) Improving public sector management. Key areas include:

The Bank is supporting programs in public expenditure management in, among other countries, Bolivia, Honduras, Ecuador, Nicaragua and Colombia. The emphasis in these countries is to strengthen the administration in this area to improve fiscal sustainability and greater poverty reduction.

- Comprehensive public sector modernization projects are under implementation in HIPC countries like Bolivia, Honduras and Nicaragua, with strong actions in the area of governance in the context of the countries' Poverty Reduction Strategies, in order to make them more sustainable.

# OAS

## Technical Secretariat for Legal Cooperation Mechanisms

- A document was prepared by the Technical Secretariat intended to facilitate the analysis of the first issue of collective interest selected by the Committee, namely the procurement of goods and services that assure the openness, equity and efficiency of such systems. This document may be found at: [http://www.oas.org/juridico/english/mec\\_topics\\_doc.pdf](http://www.oas.org/juridico/english/mec_topics_doc.pdf)

## Inter-American Agency for Cooperation and Development (IACD)

- The IACD delivered in 2003 its 1<sup>st</sup> e-government course, in Spanish, via the Educational Portal of the Americas. More than 200 participants completed the course, with very positive reviews. A second installment of the Spanish course will start in April-May 2004. The course will be translated in English and Portuguese for wider access and offering in 2004.
- With support from the Institute for Connectivity in the Americas (ICA), the IACD organized a “best practices” seminar in Chile to showcase its best practices on e-government/e-procurement. Again with ICA support, the IACD will organize in 2004 similar seminars in Brazil and Canada.
- In 2003 the IACD organized a virtual forum on e-government best practices, with the support of ICA, that allowed participants to discuss, via a virtual platform, the Chilean, Brazilian and Canadian best practices in this theme. The IACD will continue this activity in 2004 with, among other themes, e-procurement and the role of municipal associations in development
- The IACD is facilitating access to information via its new web site: [www.oainnovacionesyalianzas.org](http://www.oainnovacionesyalianzas.org) where information on successful practices on e-government at central and sub-national levels can be obtained by interested parties or disseminated by institutions

## Unit for the Promotion of Democracy

- The UPD, through the Inter-American Forum on Political Parties is in the final stage of a comparative research on the financing of political parties and campaigns. The project is putting together empirical and legal information on all the member states. The report will include specific recommendations to increase transparency in the financing process. The UPD is working with the organization IDEA and USAID to increase awareness on this issue and to promote specific measures to improve the quality of the financing process.

# OAS

- In order to promote inter-parliamentary cooperation, the UPD worked with the Central American Inter-Parliamentary Commission against Corruption and Drug Trafficking (CICONA), of the Forum of Presidents of the Legislative Branch of Central America (FOPREL) to implement a program to promote greater participation of legislatures in the fight against corruption and to secure ratification of the Inter-American Convention against Corruption by the Central American legislative assemblies. This program included carrying out a series of research papers and organizing the First Central American Summit against Drug Trafficking and Corruption, held in San José, Costa Rica, in February 2000, which concluded with the Declaration of San José. Its proceedings were published in La Lucha Contra la Corrupción. Causas y Efectos de un Problema Regional. (2001).
- Similarly, the UPD collaborated with the Inter American Institute for Human Rights to carry out a series of research papers on the question of parliamentary ethics, which was compiled and published in 2001 as Etica Parlamentaria en Centro America y República Dominicana. Following-up the Quebec's Summit mandates, the UPD Program to Support the Strengthening of Legislative Institutions supported and provided technical assistance to a seminar on the role of legislature in the fight against corruption and the creation of a group of Latin American Parliamentarians Against Corruption (LAPAC). This seminar held in June 2003 was done in collaboration with the World Bank, the Latin American Parliament, and the Canadian Parliament

# ECLAC

- In an increasingly global world, government and international organizations are giving greater value to the role played by transparency in fiscal information in order to give credibility to economic policies. This has motivated the development of international standards in fiscal transparency which highlights four general principals: the clear definition of the functions and responsibilities of the public sector; public access to information; transparency in the preparation, execution and publication of the budget; and guarantees of the integrity of the divulged information. Within this context, it is particularly important that methodological rigor be used in the development of fiscal statistics. Reaching these standards demands greater efforts to identify and process the relevant information in the principal areas where weaknesses exist. To contribute to this effort, ECLAC, through ILPES, has generated a statistical data base of the public finances of Latin America for the period 1990-2002.
- ECLAC, jointly with the IMF, the World Bank, and the IDB, and under the sponsorship of the Ministry of Finance of Chile organized the XVI Regional Seminar on Fiscal Policy, in January 26-29, 2004 in Chile, which included a high-level technical panel on “Participation and Budget Transparency” devoted to discussing best practices.
- ECLAC undertakes ongoing studies and analysis of transparency in fiscal management, including reports such as *Panorama de la Gestión Pública*.
- For the period 2002-2003, ECLAC/United Nations focused on its Member States mandate on justice, equality and governance as related to sustainable development in the region. It looked at issues such as access to public information, participation in decision-making and justice for sustainable development in Latin America and the Caribbean. Among other achievements, there are the following ones:
  - ECLAC and Corporación PARTICIPA from Chile, jointly organized “Dialogue Governments – Civil Society: Toward a Regional Perspective of Promoting Access to Information, Participation and Justice in Environmental Matters” (Santiago de Chile, 8-9 October 2002). For further information please visit [www.cepal.org/ddsah](http://www.cepal.org/ddsah) .
  - In an attempt to strengthen Member States capacities, ECLAC also undertook to organize the training workshop “Implementing the Principle of Access to Information, Citizen Participation and Environmental Justice in Latin America and the Caribbean” (Mexico, D.F., 21-24 October 2003. For further information please visit [www.cepal.org/ddsah](http://www.cepal.org/ddsah) .

# IICA

IICA assists countries to comply with presidential mandates and ministerial agreements on agriculture and rural life through the “National Agendas of Technical Cooperation” in each of the 34 countries of the Americas. These agendas, in place since 2002, were developed in cooperation with the national authorities from the public and private sector as well as from academia.. The agendas are prepared to support national development objectives. In 2003, IICA launched the evaluation phase on the progress made in the implementation of national agendas through the analysis of national reports and presented its report “IICA Contribution to the Development of Agriculture and Rural Communities”. By doing so, the Institute has instated a new style of accountability in accordance with the principles of openness and transparency.

IICA assists Ministers of Agriculture and their delegates in leading the national dialogue in the context of the Summits of the Americas Process, in order to adopt agreements on agriculture and rural life (Bávaro Ministerial Declaration for the Improvement of Agriculture and Rural Life in the Americas, 2001 and the Plan of Action AGRO 203-2015 for Agriculture and Rural Life in the Americas,2003). These ministerial agreements were reached through consensus and by a participatory and transparent dialogue. They implement the presidential mandates on agriculture and rural life and are aimed at strengthening democratic governance.

## Empowering Local Government

# Quebec and Nuevo Leon Mandates

- Promote mechanisms to facilitate citizen participation in politics, especially in local or municipal government. (Quebec)
- Promote development, autonomy and institutional strengthening of local government. (Quebec)
- Promote sharing of information, best practices and administrative expertise among local government personnel. (Quebec)
- Support OAS Program of Cooperation and Decentralization in Local Government, including, with the support of the IDB. (Quebec)
- We agree that, through citizen participation, civil society organizations should contribute to the design, implementation and evaluation of public policies... (Nuevo León)

# IDB

- The IDB approved projects in the areas of strengthening municipal management, revitalizing urban centers, alleviating poverty, providing for local infrastructure needs, developing local administration, and providing support for decentralization processes. Countries included: Uruguay, Panama, Brazil, Honduras, Mexico, Guatemala, Nicaragua and Peru.
- A best practice study published in 2003 analyzed the experience of Brazil and other countries in promoting citizen participation in local budgetary decision-making.
- Since 2000, the IDB has held annual regional consultations with civil society organizations on IDB projects, policies and procedures.
- Social dialogues have been held for the inclusion of citizens in national decision-making processes.
- The Strategy to Promote Citizen Participation in Bank Activities has been presented to the Board of Executive Directors for consideration. The document is based on successful experiences to establish more systematic, transparent and efficient practices in the Bank. The objective of the strategy is to act as a guide for the IDB as it provides support to governments, institutions, and the citizens of the region to increase participation.
- The IDB conducted in-depth consultations with regional civil society organizations to obtain their comments on the IDB's seven sector strategies, which were endorsed by the Board of Directors in July 2003.

# WORLD BANK

- The World Bank supports state decentralization as a means to strengthen democracy, enhance transparency and pursue efficiency and competitiveness gains. For the World Bank, decentralization is a complex, medium-to-long term process that needs legal and constitutional reforms. It cuts across sector ministries, involves numbers of stakeholders, entails adjustment at the central or federal level and requires strengthening of subnational government capacity. Decentralization usually precipitates or makes more evident the demand for overall public sector reform. It is also a good -but ordinarily risky-- entry point for modernization of the public sector. The World Bank reinforces support for decentralization strategies with change management and communication components geared to ensuring the smooth transfer of responsibilities and resources to lower levels of government. Solid governance capacity is usually a *sine qua non* when the World Bank supports decentralization efforts.
- The World Bank currently has programs in Peru, with a programmatic Decentralization and Competitiveness Structural Adjustment Loan that aims to assist the Government in implementing the decentralization of public functions and resources, in tandem with measures to help ensure continued sound public finances, and economic growth.

# OAS

## Inter-American Agency for Cooperation and Development (IACD)

- The IACD signed several agreements with private sector partners that provide access to solutions that assist the anti-corruption agenda, such as procurement solutions and municipal portals with citizens' services. Agreements have been signed with partners such as Microsoft (USA), Vesta (Brazil), Sonda (Chile) and Axesnet (Colombia)
- The IACD is currently supporting a Caribbean project that seeks to increase women's political participation and to create competent, effective and committed women politicians; and to provide women with the full exercise of citizenship by promoting, forging and strengthening alliances, networking and coalitions of women at the national and regional levels.

## Unit for the Promotion of Democracy (UPD)

- The UPD has been supporting activities to continue developing the processes and efforts to improve regulatory frameworks, development of decentralization methodologies, innovations in public administration, the provision of services, preparation of new avenues of economic and social development, increase in citizen participation at the local level, incorporation of citizens into the decision-making process, and exchanges on successful experiences.
- The high-level meeting on Local Governments approved by the leaders in the Quebec City Summit was convened by the OAS in La Paz, Bolivia, from July 29 – 31, 2001, initiating a process of hemispheric cooperation, as well as systematic follow-up by the Organization in order to implement the mandate in this area. In Bolivia, States agreed on the Declaration of La Paz on Decentralization and Strengthening Regional and Municipal Administrations and Participation of Civil Society. The Declaration established the High-Level Inter American Network on Decentralization, Local Government and Citizen Participation (RIAD)([www.upd.oas.org/riad](http://www.upd.oas.org/riad)) as an Inter-American mechanism for cooperation on these issues, and as an instrument for exchanging information and best-practices among all stakeholders.
- The process initiated in La Paz was moved forward at the Second Meeting of Ministers and High-Level Authorities Responsible for Policies on Decentralization, Local Government, and Citizen Participation at the Municipal Level in the Hemisphere, held from September 24-26, 2003, in Mexico City, Mexico. This meeting produced the "Mexico City Plan of Action on the Decentralization and Strengthening of Regional and Municipal Administrations and Citizen Participation." The Plan of Action establishes strategic guidelines and priority areas for action over the next two years; it also calls for the creation of a Financial and Technical Support Group to be coordinated by the RIAD Technical Secretariat, with the objective of ensuring resources for the Plan of Action. The Third Ministerial Meeting on this issue will be held in Brazil in 2005. The UPD was designated as Technical Secretariat of the process initiated in La Paz.
- The UPD provides technical support to the ministerial meetings of the RIAD; it is also implementing a Program of Support for Decentralization, which involves activities such as forums, seminars, technical, cooperation, publications and training. An example of such program activities is the concluding of a non Cooperation agreement in the amount of \$US 100,000 on April 15,2002, with the Inter-American Development Bank; this agreement will be implemented by the UPD/OAS.

# ECLAC

- Activities undertaken by ECLAC in this area include seminars and courses on Local Governance, including the International Course on Local Development and Competitiveness, and the International Course on Strategic Management of Local and Regional Development.

# CABEI

CABEI provides credit to help poor people in rural areas develop its capabilities to identify, develop and execute projects that will increase the well-being of the communities.

- The European Union has provided funds for a Program for the Development of the Border Areas of Central America, which is being executed by CABEI. The 5-year Program aims to strengthen local governments in the border areas with respect to cross-border municipal development and management of shared water basin. It is estimated that overall 1,300,000 people will be the beneficiaries of the Program in Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica.
- CABEI's Program for Municipal Infrastructure (PROMUNI) for Central America provide financial resources, through financial intermediaries, and technical assistance to municipalities to help them carry out basic infrastructure projects such as provision of drinkable water, sanitation, electric energy, roads and urban development.

CAF

**Support shareholder countries in the formulation and implementation of norms, policies, activities and mechanisms that provide conditions for democratic governance.**

Support countries in the strengthening of democratic governance and institutional development, through reforms and training of human resources with an integral vision of political, social and economic aspects. In addition, special emphasis is placed on programs and projects related to decentralization and citizen participation, ethics, transparency, and the formation of new leaderships, in order to mobilize the existent social capital.

These programs and projects are aimed at generating an environment where government actions are legitimized and members of society are made aware of their social responsibility, in order to promote integral democratic governance development.

**Endorse national and local government in the execution of their reforms and improvement of the effectiveness of transparent administration and citizen participation.**

Strengthen institutional capacity so that they are able to carry out their pertinent roles in a Democracy, which implies institutions with clear rules and procedures that are able to respond to the demands of a responsive, efficient and transparent society.

In this context, besides supporting countries in specific matters considered priorities such as structural reforms, planning, transfer of competencies, and strengthening of local entities, other actions are executed through the following CAF regional programs:

*Governance and Political Management Training Program, carried out jointly with the George Washington University (GWU) and Educational Institutions in Bolivia, Colombia, Ecuador, Peru and Venezuela.*

The Program's main goal is to contribute with the strengthening of managerial and leadership skills of authorities and technical teams within national and regional governments, with a special emphasis on the municipal level, as well as organizations in the civil society. This will provide an integral development of the different fields of action that will promote an increasing level of governance, legitimacy and development.

*Program for the Development of Municipalities in the Andean Region with the participation of the Inter-American Agency for Cooperation and Development of the OAS.*

The objective of this Program is to provide technical assistance and training to local governments so as to improve their technical and administrative capabilities to provide municipal services. Also, efforts are made to identify the needs and demands for the development of municipalities, as well as helping them share successful experiences and best practices developed in other regions, preferably in Latin America and the Caribbean.

# CAF

The areas of intervention have been selected in function to the needs expressed by different municipalities of the region based on three areas of common interest of local governments: a) municipal management (improve municipality efficiency), b) income generation (improvements in cadaster and register systems), and c) supply of municipal services.

*Tools for the Strengthening of Democratic Governance and Consensus Building, aimed at members of the public and private sectors, with the support of the Cambridge International Consulting (CIC) firm, using workshops in negotiation, strategic communication, leadership, and consensus building, in Bolivia, Colombia, Ecuador, Peru, and Venezuela.*

The fundamental objective is to attain a better management of relationships and differences in interests and needs that arise at different levels of government, in permanent interaction with citizens and institutions of civil society, in the construction of free and democratic countries.

It is understood that tools such as Negotiation, Strategic Communication, and Leadership, are the fundamental base for consensus building in societies where diversity and the need for agreements that guarantee the stability of Democracy is evident, as well a better performance of public actors.

*Transformation Leadership Program (Bolivia, Colombia, and Venezuela).*

The goal is to form and train leaders with a country vision in mind and democratic values, who are able to transform their political, social and economic reality.

Specific objectives are aimed at the selection and development of:

- Leaders able to identify the most important needs of their communities and who are committed to promoting the participation of civil society organizations.
- Leaders with a new leadership style, enriching their value systems and providing them with the necessary tools so they can assume with a profound sense of ethics and democracy the responsibilities of management for the future.

Quebec  
and  
Nuevo  
Leon  
Mandates

Independence of the Judiciary:

- Encourage measures to strengthen the independence of the judiciary...(Quebec)

# IDB

- The Bank has approved a large number of programs to improve the administration of justice in member countries. Components focus on reducing delays in the legal process, guaranteeing due process of the law, and improving access to justice for all citizens. Recent programs have been approved for Panama, Nicaragua, Honduras, and Costa Rica.

# WORLD BANK

- Judicial reform has come to occupy a prominent place in the development agenda. Sustainable development relies upon an effective judicial system that can provide a country with a foundation for the rule of law. While judicial reform strategies clearly differ among countries and are targeted to meet nations' individual situations, the primary focus of such efforts include: (a) upgrading policies, norms and procedures; (b) strengthening organizational capability of the Judicial Branch and justice institutions, for efficiency and effectiveness; (c) professional training of judges, court administrators and other personnel in the justice sector, for quality and service; (d) enhancing independence, transparency and accountability of the judicial system, thus encouraging good governance; (e) increasing citizen access to, and participation in, the judicial system and; (f) improving alternative dispute resolution mechanisms.
- The World Bank is now supporting efforts in Argentina, Colombia, El Salvador, Guatemala, Peru, In Peru, for example, a Justice Services Improvement Project aims to assist the Government in establishing the basis of a new approach to the provision of justice services that will improve sector performance in terms of quality and timeliness of services delivered to the public, as well as enhance access to justice for the most disadvantaged groups and in Guatemala, a Judicial Reform Project support as an important objective of the December 1996 Peace Accords, and builds on the new consensus among the civil society, the government, the Supreme Court of Justice, and other sector institutions, that judicial reform is essential to promote post-conflict reconstruction, social stability, and economic growth. This project aims to create a more effective, accessible, and credible judicial system that will foster public trust and confidence in it and improve consistency and equity in applying the law.

# OAS

The creation and strengthening of mutual cooperation mechanisms is an important development carried out through programs, projects and activities of dissemination, training and technical cooperation. Achievements in this field have produced cooperation processes, which have been institutionalized as true legal and judicial cooperation mechanisms allowing for follow-up and further advancement in the adoption of new cooperation agreements or measures.

Among these legal and judicial cooperation agreements it is worth mentioning the process of Meetings of Ministers of Justice and Attorneys General of the Americas (REMJA) and the meetings, programs, institutions and cooperation measures that have been developed in the areas of administration of justice, mutual legal and judicial assistance in the fight against transnational organized crime and terrorism, including the establishment of hemispheric specialized networks for the exchange of information and the fight against specific crimes with international reach such as Cyber-crimes.

It is also worth mentioning the mechanisms that have been created to follow-up to Inter-American treaties and the strengthening of hemispheric cooperation with respect to them. Regarding dissemination of information, progress has been made through the OAS website and the information exchange networks of different areas of the Inter-American legal cooperation agenda as well as through the bibliographic production in this area. The “Jornadas de Derecho Internacional”, the annual course organized by the Inter-American Juridical Committee and the Assistant Secretariat for Legal Affairs as well as other courses and conferences aimed at disseminating developments in this field.

## Trans-border Crime, Money Laundering and Drugs

# Quebec and Nuevo Leon Mandates

Combating the Drug Problem and Transnational Organized Crime:

Both declarations called for increased cooperation in the area of combating cross-border crime.

- Improve cooperation in areas such as mutual legal assistance, extradition and deportation....(Quebec)
- We commit to deny safe haven to corrupt officials, to those who corrupt them and their assets; and to cooperate in their extradition as well as in the recovery and return of the proceeds of corruption to their legitimate owners. (Nuevo León)
- Support measures to impede organized crime, money laundering, ....(Quebec)

- The following projects directed to curb money laundering practices in the region have been approved:
  - "Support for the Creation or Development of Financial Intelligence Units in South America" that benefits Argentina, Uruguay, Brazil, Chile, Bolivia, Ecuador, Peru and Venezuela. This project is financed by the Multilateral Investment Fund and is executed by OAS/CICAD.
  - "Training for Mutual Evaluations Exercises undertaken by GAFISUD Member Countries" which has already contributed to peer review in South American countries on their compliance with anti- money laundering international standards.
  - "Training in Prevention and Control of Money Laundering". This project has developed a course for Costa Rica, Panama, Venezuela and Dominican Republic that will benefit officials from both the private and public sectors.
- The Bank is organizing jointly with OAS/CICAD a meeting with representatives of the legal profession and others that have been made recently responsible by the Financial Action Task Force on Money Laundering (FATF) for reporting money laundering activities. Internet anti-money laundering training both in Spanish and in Portuguese is also being developed in cooperation with OAS/CICAD. The course will soon be made available to member countries. An English version is under analysis

# OAS

## Technical Secretariat for Legal Cooperation Mechanisms

- The Ministers of Justice or Attorneys General of the Americas decided to increase and improve the information exchanges among OAS Member States in the area of mutual legal assistance in criminal matters. A working group, coordinated by the Department of Justice of Canada and composed of representatives from Argentina, the Bahamas, El Salvador and from the OAS's Technical Secretariat for Legal Cooperation Mechanisms met and developed a pilot project whose central focus is the creation of a criminal justice information exchange network. This project has now been extended to all OAS Member States.
- To date, the Working Group with the support of the OAS Technical Secretariat submitted a funding application and an action plan to the Department of Foreign Affairs of Canada so a secure e-mail system can be implemented for the responsible MLA central authorities in criminal matters. The e-mail system would have the advantages of being independent, autonomous and secure, and it could also be used by other OAS working groups. At the time of drafting this report, eight central authorities, which are part of a pilot project, have agreed to forge ahead with this innovative system.

The Inter-American Drug Abuse Control Commission (CICAD) carries out a variety of activities and programs in combating cross-border crime.

- CICAD's Multilateral Evaluation Mechanism (MEM) includes an evaluation of countries' progress in controlling corruption, organized crime, drug trafficking, money laundering, firearms trafficking and precursor chemical diversion, and produces individual country reports and a hemispheric progress report, the latest dated April 29, 2004. Under the MEM process, which involves all member states, recommendations are made to individual countries to take appropriate actions to address these issues. The system includes public reports on the progress made by the countries in fulfilling the MEM recommendations.
- The MEM also reports on countries' signature and ratification of relevant hemispheric and international legal instruments such as the Inter-American Convention on Mutual Assistance in Criminal Matters, the Inter-American Convention Against Corruption, the Inter-American Convention Against Terrorism and the Inter-American Convention Against Illicit Manufacture and Trafficking in Firearms, the three United Nations' drug control conventions, the Transnational Organized Crime Convention and its Protocols, especially the protocol to control Firearms and the Corruption Convention. The recommendations directed at the countries include taking actions to ratify and implement these instruments.
- CICAD convenes expert groups from the member states to work on subjects of concern in the fields of money laundering (including the financing of terrorism) and firearms and chemical control, including development of model regulations for incorporation by countries into national laws and regulations. CICAD has also held two ad hoc meetings on the subject of organized crime and as a result adopted an action plan specific to these concerns.
- At the request of countries, CICAD provides legal advice on relevant draft legislation.
- CICAD provides training and technical assistance, including specialized software, to countries to combat cross-border criminal activity.

# WORLD BANK

- In recent years, worldwide efforts to combat money laundering and the financing of terrorism have assumed heightened importance. Money laundering and the financing of terrorism are global problems that not only threaten security, but also compromise the stability, transparency, and efficiency of financial systems, thus undermining economic prosperity. The global agenda to curb money laundering and the financing of terrorism calls for a cooperative approach among many different international bodies.
- Efforts to establish an international standard response against money laundering and the financing of terrorism have been led by the Financial Action Task Force on Money Laundering (FATF). In October, 2001, the FATF expanded its mission to include combating the financing of terrorism. The Boards of the World Bank and the International Monetary Fund (IMF) have recognized these recommendations as the appropriate international standard for combating money laundering and the financing of terrorism and intensified their work in this area.
- The World Bank and the IMF have also established a collaborative framework with the FATF for conducting comprehensive AML/CFT assessments of countries' compliance with the FATF 40+8 Recommendations, using a single global methodology. This global methodology was endorsed by the World Bank and the IMF Boards and adopted by the FATF Plenary on October 11, 2002. A 12-month pilot program concluded in October 2003.

## Institutional Transparency

### Quebec and Nuevo Leon Mandates

- We further commit to increase transparency in international organizations of which we are members by strengthening their accountability mechanisms. (Nuevo León)

# IDB

- In November 2003, the IDB's Board of Executive Directors approved a broad new Information Disclosure Policy. It meets or exceeds the standards applicable at any multilateral institution. The Policy is the first of its kind to provide for the disclosure of minutes of the meetings of the Board, Board work programs, loan contracts, project completion reports, monthly disbursement status updates and many other products that had not been disclosed previously.
- In September 2003 the IDB's Board of Directors approved its own Code of Ethics.
- At the end of 2003, the IDB announced the creation of the Office of Institutional Integrity (OII) to focus and substantially enhance the IDB's efforts to combat corruption and any lack of integrity in its work or the projects it finances. This new office, which reports directly to the President of the IDB, has been given the responsibility of receiving and investigating any allegation of misconduct or fraud or corruption in Bank activities. OII will also focus on leveraging investigative results and lessons learned to improve deterrence and prevention of fraud and corruption both by the IDB and member countries.
- This move reflects the IDB's continued dedication to upholding the highest standards of personal and business integrity in all of its activities. The OII also houses the secretariat for the Oversight Committee on Fraud and Corruption.
- Various mechanisms have been established to encourage reporting of allegations to OII, including establishment of a hotline and a confidential e-mail address. Moreover, on November 24, 2003, the Bank approved Staff Rule 328, "Protection for Whistleblowers and Witnesses." This rule provides protection from retaliation for those who come forward to report their knowledge of fraud or corruption.

# WORLD BANK

- In 2002, the World Bank's Board of Executive Directors approved revisions to the Bank's policy on the disclosure of information, making changes that will bring even greater transparency and accountability. The revisions provide for the release of a greater number of project-related documents; disclosure of the Chairman's summaries of Board discussions on Country Assistance Strategies (CASs) and Sector Strategy Papers (SSPs); and a more systematic approach (with a reduced lapse of time) to accessing World Bank archives.
- The Executive Directors also endorsed steps that will lead over time to substantial improvements in access to information through Bank offices in developing countries.
- The changes provided substantial public access to policy and strategy documents, as well as lending documents, PRSPs, and HIPC documents, covering all stages of the project cycle, from preparation through implementation to independent evaluation.
- Also available will be Accountability documentation, in which the World Bank's independent evaluation arm—the Operations Evaluation Department—reviews Management performance in various operational processes will be disclosed, along with the Management Response to such evaluations.

# OAS

- All OAS financial operations are audited by an outside auditing firm, Ernst & Young, which in turn is overseen by the Board of External Auditors. The Board is comprised of three members from throughout the Hemisphere and currently includes the Inspector General of a major US Government agency.
- The OAS has adopted Oracle financials for financial processes, and Oracle is widely regarded as one of the most transparent accounting systems available today.
- There is a Committee on Administrative and Budgetary Affairs which receives and reviews the quarterly financial reports of the Organization. This Committee includes representatives from the 34 member states
- There is an Ethics Committee that reviews any claims of unethical conduct.
- The Office of the Inspector General conducts regular internal audits.

# IICA

In compliance with the mandate of the Heads of State and Government of the Americas, IICA launched an institutional modernization process, that, with respect to institutional transparency includes three fields of action: (i) at the national level, a new cooperation model aimed at national priorities defined by the national authorities was launched; (ii) at the hemispheric level, countries participation in the management of the Institute was strengthened; and, (iii) in the area of development strategies, IICA facilitated the dialogue and the joint action among the different actors in the area of agriculture. These efforts required an adjustment of the Institute's structure, strengthening the management area and the Office of Follow-Up to the Summit of the Americas Process, as well as the implementation of the monitoring, supervision, evaluation and follow-up process.

# CABEI

CABEI's authorities have approved a series of measures to improve the effectiveness and transparency of the control mechanism of the Institution.

- The Board of Governors has revised and approved the new bylaws of the Comptroller Office and has also created a Comptroller's Committee integrated by governors.
- The Board of Directors established the Internal Auditor's Committee integrated by members of the Board.
- The Board of Governors approved a Code of Ethics that was put into effect by the Administration.
- The Board of Directors has approved a policy for the prevention of laundering of the Bank's assets, which includes the designation of a Compliance Officer and know-your-client policy. This policy is extensive to CABEI's financial intermediaries.
- Establishment of the Acquirement Unit to regulate the acquisition of goods and services of the Bank as well as consulting services.

