

Controlling Corruption in Local Government in Latin America

A Report of the CSIS Americas Program

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CONTROLLING CORRUPTION IN LOCAL GOVERNMENT IN LATIN AMERICA

Katherine Bliss and Peter DeShazo

Introduction

The process of political decentralization that characterized Latin America during the 1980s and 1990s took many forms. Countries emerging from military dictatorships, such as Brazil and Argentina, worked to strengthen traditional federalist structures. The changes mandated by Colombia's 1991 constitution transferred significant resources and authorities to departments and municipalities. In Bolivia, the Decentralization Law of 1995 endowed municipalities with far broader powers than previous legislation had granted. These changes have resulted in large resource transfers to local government, as power to tax has been decentralized and a larger percentage of national budgets or income from specific activities, such as hydrocarbons production, have been destined for local government. In some countries, such as Argentina, provincial governments have also been allowed to incur substantial debt through borrowing or bond issuance.

Greatly expanded political powers and revenues, as well as tax and spending authorities at the departmental, provincial, and municipal levels around the region, highlight the need for stronger governance at the local level, especially in controlling official corruption. At a July 2007 conference at the Center for Strategic and International Studies (CSIS) that evaluated progress in fighting corruption in the region, experts agreed that anticorruption measures in Latin America have been focused primarily on the national or federal level, while corruption at the state and municipal level has not received as much attention and may be increasing.¹ Participants unanimously affirmed the need to direct greater attention to efforts to promote transparency at the local level and to build links between government and civil society to advance such efforts.

¹ See Peter DeShazo, *Anticorruption Efforts in Latin America: Lessons Learned*, Policy Papers on the Americas, vol. 18, study 2 (Washington, D.C.: CSIS, 2007), http://www.csis.org/component/option,com_csis_pubs/task,view/id,4047/type,0/.

Effective governance at the local level, marked by higher standards of ethics and transparency, will be a key ingredient in improving the strength of democracy overall in Latin America. Dissatisfaction with the ability of government to deliver services runs high in urban areas of the region. These services not only affect the daily lives of citizens and their socioeconomic well-being, but they also have implications for security. Corruption and inefficiency in local government can also undermine the legitimacy of political systems in the region. On the positive side, effective and transparent urban managers have used their successes as springboards to reach higher political office. This potential for advancement has served as an incentive for political elites to improve their governance while in office. In this regard, the success of certain nongovernmental organizations (NGOs) in promoting healthy competition among municipal jurisdictions to improve governance is also a positive trend.

To address the problem of ethics and transparency in municipal government, the CSIS Americas Program held a conference on November 14, 2008, that brought together mayors of two important Latin American cities, heads of leading NGOs dedicated to good governance, and international donors focused on the topic. The objective of the conference was to identify key problem areas in municipal government with respect to corruption and the means of addressing them through official efforts supported by civil society. The conference was divided into three panels. The first featured the mayors of Barranquilla, Colombia, and Torreón, Mexico. During the second panel, leaders of NGOs from Peru, Venezuela, and Mexico spoke about their efforts to promote transparency, and in the third panel, representatives of government and international organizations offered presentations regarding their work dedicated to improving governance practices in the region. Approximately 130 people representing the U.S. government, the diplomatic corps, international organizations, civil society, academia, think tanks, the private sector, and the media attended the conference. This report provides a succinct summary of each presentation, with overall conclusions and recommendations to policymakers.²

The CSIS Americas Program wishes to acknowledge the generous support of the Open Society Institute to this project.

Panel I: Case Studies

Alejandro Char, Mayor of Barranquilla, Atlántico Department, Colombia

Char began his term as mayor of Barranquilla at the beginning of 2008. He opened his presentation by noting that Barranquilla has a strong private sector and a history of being a focal point for global investment. However, challenges to municipal management over the last two decades had created a situation in which the city fell into debt and became embroiled in a myriad of legal proceedings. By the end of 2007, the city's debt seriously limited the availability of public resources for social investments, including in the health and education sectors. Char said that this

² An audio recording of the proceedings of the conference is available at: http://www.csis.org/component/option,com_csis_events/task,view/id,1842/.

led to a situation in which those residents who most depended on social services had the least access.

Emphasizing the importance of “putting the household in order,” Char noted that promoting transparency at the local level was about more than eliminating corrupt officials and reforming institutions; he emphasized that it is also about ensuring that people working in government are efficient and productive and that they provide a service to the community, giving the populace a vision of the future. Char cited influence peddling, especially in municipal contracting, as a key problem, and he pointed to a persistent difficulty on the part of municipal government in examining past concessions and in prosecuting cases where laws appear to have been broken. In this regard, he signaled judicial corruption in Colombia, exacerbated by bribes and intimidation from drug traffickers, as an inhibiting factor.

Since taking office in January of 2008, Char has focused his administration on: increasing net municipal income to reduce debt and secure funds for needed projects; streamlining costs; reforming certain laws; and reorganizing the municipal administration in order to generate funds to develop infrastructure and enhance the provision of social services. Mayor Char underscored the efforts of his administration to more effectively collect taxes by abolishing a previous arrangement by which a private firm handled revenue billing and collection for the administration for a 10 percent commission. The city has replaced the private firm with a much smaller team of handpicked public servants responsible for billing and collections, resulting in large savings for the city and greater transparency in the process.

Despite recent successes, Char noted significant challenges in Colombia with respect to promoting transparency at the municipal and national levels. These include a 25- to 30-year struggle against the influence of drug traffickers, low levels of social investment, and an underperforming economy. Char said that his administration is working to recover citizens’ confidence by building the capacity of public employees to reform the tax structure, providing them with the necessary tools to serve the public, and raising their salaries. Barranquilla’s government is also working to restructure liabilities legislation, end concessions that are unfair and burdensome to the city, and modernize the bureaucracy to reduce operating expenses by at least 25 percent.

Finally, Mayor Char underscored the importance of dedicating municipal resources for social infrastructure investment, including health and schools, so that people feel that they are a part of a functioning and responsive government and society. One step that has been taken is to establish direct contact between taxpayers and the government without intermediaries playing a role. Char also emphasized that it is essential to implement educational programs that help citizens understand corruption and what they can do to stop it.

José Ángel Pérez Hernández, Mayor of Torreón, State of Coahuila, Mexico

Pérez Hernández opened his remarks by noting that controlling corruption is not sufficient—what is important is to eliminate it. He said that Torreón has been at the forefront of efforts to

promote transparency in municipal government in Mexico. Pérez Hernández emphasized that citizen participation in the municipal governance process is essential to promoting transparency and controlling corruption. During his talk, he focused on the importance of institutional reform, the role of electronic technology in disseminating information about municipal performance, and building capacity among civil servants at the municipal level.

Pérez Hernández detailed several measures that Torreón has taken to deal with corruption at the municipal level, noting that institutions to promote citizen participation and oversight of government functions are key. To this end, Torreón created an Instituto Municipal de Transparencia to provide citizens with information about corruption. The city also sponsors a municipal transparency week (*semana municipal de transparencia*) to demonstrate that the municipal government “is not afraid to open the books.” Constitutional changes at the federal level as well as state-level reforms, including “regulations for municipal good government” (*reglamento de buen gobierno municipal*) have led to the establishment of the Instituto Coahuilense de Acceso a la Infraestructura Pública (the Coahuila Institute for Public Infrastructure Access) that replaces Torreón’s Instituto Municipal. Thus, the city is establishing a joint commission that will be made up of eight representatives, including five citizens and three public officials, to exercise oversight of municipal processes.

According to Pérez Hernández, technology can play a key role in promoting transparency. To facilitate citizen awareness of municipal issues, Torreón’s municipal council sessions are broadcast on the Internet so that people can see what city councilors are discussing in real time. Torreón’s municipal government has taken a number of important steps to improve the management and provision of information about public services and business: all public contracting and concessions are announced and bid out on the official Web site of the municipality; a list of all public works, tracking progress on meeting contract obligations, is also published on the Web site; the municipality maintains a “system of progress indicators” on its activities so that the public can track progress. Similarly, the city has created a Web site to allow citizens to denounce corrupt officials anonymously and online.

Pérez Hernández emphasized the importance of ensuring that services are efficient, noting that if people have to make several trips to public offices to secure a license or permit to undertake an activity, there is a greater likelihood that they may be willing to pay a bribe to facilitate the process.

He signaled that improving the recruitment and training of municipal personnel can also improve transparency and citizen confidence in public services. For example, Pérez Hernández has made it a priority to install a competent and honest team in the office of the municipal comptroller through a process of careful selection of personnel.

Pérez Hernández underscored that one of the key causes of citizen dissatisfaction with governance in Torreón is their lack of confidence in the municipal police. From his position as mayor, police reform has proved to be perhaps the most difficult challenge of his administration, given longstanding problems with personnel and political connections of high police officials.

Nonetheless, Pérez conducted a major purge of the police force—firing some 70 percent of personnel after extensive background checks and reviews of performance, replacing them with vetted individuals. Having campaigned for mayor on the promise of improving Torreón’s police force, Pérez Hernández has devoted special attention to professionalizing the police and building their capacity for law enforcement. Realizing that it is essential that the police officers themselves feel secure before they can work to protect public security, he detailed efforts to improve their morale and lessen the appeal of corruption by offering such incentives as housing and increased salaries.

Panel II: Developing Synergies between Civil Society and Local Governments

Beatriz Boza, Executive Director and Founder of Ciudadanos al Día, Lima, Peru

Boza framed her discussion of efforts to reduce corruption and promote transparency at the local level in terms of market supply and demand. Noting that those who study corruption have historically examined the issue within a supply-side framework, she argued instead for a demand-driven perspective. Challenging the oft-cited formula of corruption = monopoly + discretion - transparency, Boza said that citizens can play an important role in demanding better services by creating competition, innovating standards, encouraging the free flow of information, and promoting ways to measure progress. She proposed a revision of the corruption formula, suggesting that demand = competition + benchmarks + actions.

Building on this alternative model, Ciudadanos al Día is working to apply private incentives to the management of the state through four activities: generating citizen demand for quality government services by providing useful and easy to comprehend information disseminated through the media; ensuring that state entities compete in order to serve citizens; generalizing, publicizing, and replicating successful experiences by facilitating capacity building through emulation of what works; and providing reference points so citizens can visualize what they can demand of their governments.

During her talk, Boza identified three myths that she said citizens must reject in order to make progress in the anticorruption enterprise.

The first myth is that government monopolies are inevitable and that they inevitably lead to poor service delivery. Boza said that her organization had surveyed 25,000 citizens as they left government offices to gather information about citizens’ perceptions of the service they received at the public agency and to identify what they expect when they seek services from the government. Ciudadanos al Día then published a ranked list of municipalities with respect to service provision based on citizen responses. She noted that when the results were published in the city of Cajamarca, municipal agencies there actively began trying to improve their image. Using this example, she underscored the need to make government monopolies compete against

each other for citizen approval. Boza also emphasized the importance of the media as a partner in delivering information about services and the rankings to readers.

The second myth is that the quality of public services is standard and unchanging. Boza noted that when her organization began offering a prize for best government practices, agencies were inspired to compete and improve their service delivery. Not only did agencies' competitive actions lead them to deliver better services, they inspired citizen confidence as well. Boza said that electronic communications can help promote transparency and reduce corruption with respect to services. For example, the coastal city of Piura has placed all judicial rulings online so that citizens can understand judges' perspectives and anticipate how they may rule in future cases. In another example, she described how the Peruvian Ministry of Fisheries ensures citizens' access to information by sending subscribers a daily text message listing the price of fish in ports along Peru's coast.

The third myth is the public cannot trust the government to spend money appropriately. Boza noted that a recent Latinobarómetro poll showed that Peruvians have the least level of trust in government spending when compared to other populations in the region. Indeed, only 10 percent of Peruvians trust how the government is spending money, and people feel that they are not informed or are only slightly informed about public spending. However, Boza said that by creating a market for public information, policymakers can promote competition, provide incentives for government to improve services, and create benchmarks to measure progress. According to Boza, ensuring citizen access to accurate information is the key variable in promoting trust in municipal government spending.

Mercedes de Freitas, Executive Director, Transparencia Venezuela, Venezuela

De Freitas, who is the founder and executive director of Transparencia Venezuela, described the Municipal Transparency Indicator System (Sistema de Indicadores de Transparencia Municipal, or SITM), which her organization developed in 2002 to support mayors in fighting municipal corruption. She underscored the importance of a participatory budget process and the establishment of offices for attention to citizens' needs, noting that it is essential that citizens be able to count on accurate information about the availability and quality of local services and governance.

The SITM measures public officials' compliance with promises made, as opposed to measuring corruption itself. Three activities are evaluated: the formulation and implementation of the budget; the acquisition of goods and contracting of works and services; and the granting of permits to industry and businesses. The SITM examines procedures and norms; access to information; the control system and accountability; and the participation of citizens in scrutinizing public officials' performance.

Electronic communications and the media are key factors in making information about municipal government and services available to citizens interested in the theme of transparency. Transparencia Venezuela places information from the SITM online and sponsors a "month of

access to public information” between September 18 and October 18 each year to publicize the initiative. According to de Freitas, information should be available, updated, reliable, and clear. Making information about the quality of their services available online encourages city governments to seek to improve their scores and public image: between 2005 and 2008, 43 municipalities saw their ratings improve, one did not change, and 26 worsened. To improve their scores and advance efforts to control corruption and promote transparency, some municipalities are sharing their anticorruption plans with other municipalities and with the public.

Venezuela does not have a law guaranteeing citizen access to information at the national level. However, several municipalities have recently approved transparency laws and freedom of information laws. Building on that experience, Transparencia Venezuela is working to educate citizens so that they can mobilize to demand greater legal guarantees for transparency.

De Freitas noted that many candidates for election to municipal offices campaign on promises to implement transparency measures. Their campaign promises offer an opportunity to educate politicians and encourage their compliance with the transparency agenda once elected. Transparencia Venezuela ensures that candidates have information on the issue of transparency and provides them with a list of concrete steps they can take to promote transparency as elected officials. The organization recommends candidates adopt some or all of the following measures: respecting the separation of powers; seeing citizens and civil society organizations as allies; orienting public services toward the citizenry; developing policies to promote access to information; publishing salaries and other income for those who work in public institutions; developing capacity building for public servants; improving or creating offices for attention to citizens; creating necessary channels for responding to citizen requests for information; not hiring relatives to work in direct chain of command; making public the municipal organizational directory with the names of those responsible for various functions; publishing a manual of rules and norms; informing citizens of the costs, requirements, and time to get permits from various offices; securing from the national government the funds that should come to the municipality; avoiding the use of public funds for private uses; separating actions as public servant (elected) from those of a party member; using merit and excellence as selection criteria for important positions; collecting statistics and data for key activities and services; measuring and quantifying citizen demands and the discharge of public services; developing a system to measure citizen satisfaction with services; protecting documents and archives to construct a record of the institution and improve management; and applying transparency to contracting of goods and services with clear rules.

Felipe González, Director of the Center for the Study of International Governance, Instituto Panamericano de Alta Dirección de Empresa (IPADE), Mexico, and CSIS Hills Program on Governance, Mexico

Focusing on the importance of leadership in the effort to promote transparency at the local level, González, who is a professor at the Instituto Panamericano de Alta Dirección de Empresa (IPADE) in Mexico City, presented information from the municipal scorecard (MSC) program

carried out in Mexico by IPADE and the International Financial Corporation (IFC) with funding from the United Kingdom. The MSC involved 180 countries worldwide, including 10 in Latin America. In Mexico, IPADE's analysis involved work with 25 municipalities.

González explained that the MSC is a benchmarking activity that measures the amount of time and how much money it takes for private sector entities to obtain permits to conduct business in municipalities. It provides information about three permitting issues: operating licenses, construction licenses, and municipal taxes.

González presented data comparing the amount of time it takes to get permits in Mexican municipalities and in other countries, and he examined the perception of the time and effort involved. He noted the importance of tools, information, inspections, infrastructure, and training in improving municipal performance.

The 2007 MSC revealed that in Mexico the private sector held a negative view with respect to municipal government services. After seeing their scores, 87 percent of participating municipalities implemented reforms to procedures for obtaining operating licenses, and 75 percent implemented some reforms on the procedure to obtain construction permits. Between 2007 and 2008, many municipalities reduced the number of days it took to obtain an operating license, and others reduced the transaction costs. González asserted that the faster the delivery of a service, the lesser the opportunity for corruption.

The 2008 MSC revealed that only 28 percent of private sector respondents were confident that their property tax assessment reflects the real value of their property. Further research demonstrates that many people do not know how the municipal tax is calculated, suggesting the need for improved information and communication with the private sector. The private sector does not believe it is involved in the discussions about licensing and permits and would like to be. In general, according to González, there is a huge discrepancy between the perceptions of private entrepreneurs and public servants on issues related to the delivery of municipal services.

González stressed that there is great need to professionalize municipal government through more selective recruitment and better training of public officials. According to González, this reflects both the viewpoint and reality in Mexico of private wealth versus public poverty—a mindset that needs to be corrected. The concept of a city manager needs to be established in municipal government.

He concluded by saying that the MSC should be viewed as an advocacy for promoting reforms at the municipal level. The scorecard can be used to evaluate the outcome or impact of reforms, and it provides municipalities with a quick overview of how they are doing and what services need to be improved.

Panel III: Coordinating Donor Activities

Paloma Baena, Public Governance Specialist, Institutional Capacity of State Division, Inter-American Development Bank

Given that its mission is “to contribute to the acceleration of the process of economic and social development of the regional developing member countries, individually and collectively,” promoting transparency and controlling corruption are issues of great interest to the Inter-American Development Bank (IDB). Baena, who is a public governance specialist at the IDB, stressed that corruption undermines IDB’s mission in that it hampers economic development, affects income distribution, reduces the effectiveness of state institutions, and erodes trust in democratic institutions. She pointed out that more than two-thirds of the countries in Latin America rated by international organizations on success in countering corruption have seen their scores decline in recent years.

Priority areas for the Bank include strengthening democratic systems, promoting the rule of law and judicial reform, facilitating the establishment of broader and more dynamic markets, and promoting the quality and efficacy of public management as well as adequate design and implementation of policies.

To address these issues, the IDB develops methodologies for the evaluation and elimination of corruption through a systemic framework against corruption, working to ensure integrity of Bank personnel and integrity in the Bank’s financed activities. It also supports borrowing member countries in strengthening their efforts to promote good governance and combat corruption.

Baena noted several steps that institutions can take to promote transparency, prevent corruption, and enhance accountability. These include: strengthening legislative systems; modernizing political parties; strengthening oversight agencies; strengthening decentralization processes; enhancing citizen participation; promoting judicial independence; developing a modern judicial management system; strengthening regulatory institutions and the consumer protection process; strengthening the civil service; and developing state capacity to improve efficiency and transparency of public expenditure.

The Bank sees local governments as vital development partners, said Baena. Given the extensive processes of decentralization and devolution of responsibilities from the national to the provincial and municipal levels over the last decade, the regional average of general expenditures managed by subnational government has increased from 13 percent to more than 19 percent. The concentration of resource management at the local level provides opportunities to channel support to combat corruption by: bringing representation closer to citizens; making oversight mechanisms more accessible to citizens; increasing citizen participation in budget and planning processes; facilitating accountability in municipal elections, procurement, revenue sources, and urban development; and facilitating transparency in procedures, rules, and responsibilities at the local level.

At the local level, the Bank works to support decentralization processes and strengthen subnational governments by helping them pay attention to fiscal implications and protect the balance of authority and accountability among the different levels of government. It also

establishes a normative and institutional framework for decentralization that clarifies the division of responsibilities among levels of government in order to promote the allocation of resources toward socially valuable ends. By promoting the democratization of subnational governments, the Bank helps to ensure that representation and oversight mechanisms are in accordance with democracy, transparency, and accountability. It also works to promote civil society incorporation in the elaboration and implementation of local policies by expanding participation mechanisms that take advantage of their capacity to articulate public interests. Another activity involves developing the institutional capacity of subnational governments to provide public services effectively. Key areas of focus include professionalizing the civil service, strengthening fiscal capacity and facilitating the collection of revenues at the local level, and promoting the development of a framework for budgetary discipline and fiscal co-responsibility.

Beyond the approval of loans and technical cooperation schemes for strengthening institutions at the local level, the IDB works to develop diagnostic tools, enhance control mechanisms, strengthen institutions, and promote transparency in fiscal and financial management. One tool is the expansion of the Integrity Index in Colombia. The goal of the index is to increase the country's knowledge of corruption and integrity issues in national, regional, and local public institutions by means of quantitative and qualitative measures. The Bank has supported the design of the Integrity Index for public institutions at the department level and municipal level.

Another project has been the development of transparency and anticorruption mechanisms at the subnational level to identify governance and integrity reform alternatives, taking into account how decentralization policies have taken place in particular countries. Similarly, the Bank has developed action-based indicators using roughly 250 questions for each province/region through a combination of interviews, literature reviews of existing studies and surveys, and primary source document research.

Moving forward, Baena stressed, it will be important to incorporate new measurements and instruments, develop sector-level approaches to governance and anticorruption work, help implement international conventions against corruption, and move toward nonsovereign guaranteed operations.

Viviana Barberena Nisimblat, Adviser for Participatory and Transparent Democracy in Colombia, German Society for Technical Cooperation (GTZ); and Cercapaz (Cooperación Entre Estado y Sociedad Civil para el Desarrollo de la Paz), Colombia

Barberena, who is an adviser for participatory and transparent democracy in Colombia for the German Society for Technical Cooperation (GTZ), began her talk by describing the roles of GTZ and the NGO Cercapaz in promoting peace and good governance by facilitating communication between civil society and the state at the federal, departmental, and local levels. She said that while GTZ's work is not specifically devoted to anticorruption issues, the agency understands that transparency and accountability are essential foundations for promoting peace in communities

that have experienced conflict. GTZ works throughout Latin America on anticorruption programs and works with government and civil society in Colombia, Peru, Honduras, and Nicaragua. Baena emphasized GTZ's perspective that it is important to empower actors in institutions and to promote transparency, efficiency, and social inclusion to reach the goal of peace. GTZ has identified four themes that are important to participatory and transparency democracy: the fortification of management capacity; transparency indices and accounting; citizen participation; and peace agendas that are inclusive.

GTZ helps countries implement the terms of the UN Convention on Corruption by reforming their laws to be consistent with the international treaty. Barberena noted that donor agencies can bring expertise to their technical cooperation activities, but governments in partner countries must have the political will to address corruption for programs to be successful. GTZ complements its legal reform efforts with initiatives designed to fortify institutions that exercise control and oversight over public spending as well as promote a broad discussion of public policies and the design and implementation of methodologies to measure transparency. To this end, GTZ has worked with the Contraloría General de la República in Colombia as well as Transparencia Colombia, the Presidential Program on Corruption, and the Colombian Federation of Municipalities, which involves 1,100 mayors across the country, to encourage transparency and voluntary disclosure of information about local management. Together, they have developed an Index of Municipal Transparency that sets clear standards by which to judge the performance of municipalities.

GTZ has focused on strengthening the participation of civil society in the effort to promote good governance and government accountability. Barberena stressed the importance of the Internet and the placement of information about key municipal services as well as licensing and contracting data online. On Colombia's northern coast, where many cities have a history of corruption within municipal government, she said that GTZ has developed a library of materials regarding how to manage funds and an online program to allow citizens to pose questions about transparency and government services.

Camilla Helgø Fossberg, First Secretary, Royal Norwegian Embassy, Managua, Nicaragua

Norway has managed an anticorruption fund in Nicaragua since 2002. Nine donors, including Sweden, Great Britain, Finland, Germany, Holland, Switzerland, Norway, and the UN Development Programme (UNDP) participate. The fund works with five government institutions that are receiving funds, including the Office of the Attorney General (Ministerio Público); the Policía Nacional; the Office of Ethics; and the Ministry of Government, as well as the Office of the Prosecutor General of the Republic. Coordination works well, according to Fossberg, because it reduces administrative costs and facilitates communication among donors. Investment in the fund has gone from an initial investment of \$800,000 during the first phase (2002–2005) to \$2.8 million for the second phase (2005–2008). Plans for the third phase include a projected investment of \$5 million.

Corruption has historically been a problem in Nicaragua, which has an adequate legal framework but very weak implementation and a highly politicized judicial system, according to Fossberg. In recent years, Nicaragua has fared poorly on the Transparency International index, dropping from 107th on the list of countries assessed in 2005 to 134th in 2008. Many citizens are concerned about corruption in Nicaragua; 75 percent of those polled reported that they believe corruption is a problem in the country, even if only 5 percent report having paid bribes in the last 12 months. Fossberg noted that the Citizen Power Councils in Nicaragua offer citizens some level of oversight at the municipal level, but in general, institutions permitting citizen oversight are weak.

According to Fossberg, factors contributing to corruption at the local level in Nicaragua include lax controls on procurement, contracting, and accounting. Audits are infrequent and when conducted are often aimed at activities of a previous administration and are therefore open to political manipulation. Transparency is low, there is little control of personal ethics of municipal employees, and conflict of interest problems are widespread.

She also pointed to several barriers to more effective control of corruption in Nicaragua. One is that corruption is linked to the conduct of national-level politics, so that donors who wish to help local efforts to combat corruption must exercise their own clout at the national level. In this regard, a multidonor approach is helpful. Nicaragua's inefficient and politicized judiciary is another key problem, so that judicial reform—especially a move to open, oral judicial procedures—is essential. The number of employees in the Office of the Prosecutor General assigned to cover the provinces is too small for the task. Finally, the effects of drug trafficking limit efforts to combat corruption at the municipal level in Nicaragua.

Despite a challenging environment, the Corruption Fund has reported some recent achievements, including changed attitudes related to corruption and a greater awareness of problems related to corruption within public institutions and on the part of the mass media. Nicaragua has strengthened opportunities for citizens to denounce corrupt officials through a public denunciation office as well as through a Web site for anonymous whistle blowing. And the Office of the Prosecutor General now has placed representatives in all departments, making it easier for cases to be investigated and brought to trial at the local level.

Conclusions

Over the past decade, there has been a very significant process of decentralization of responsibilities in Latin America from national to subnational government, especially to municipalities. The share of general expenditures managed by subnational governments has risen commensurate with this development.

Greater responsibility with respect to decisionmaking and a larger share of available resources at the municipal level provide both challenges and opportunities for advancing the transparency agenda. While the potential for corruption grows with the larger resource base, the closer

proximity of citizens to decisionmaking at the local level allows for potentially greater citizen participation in and oversight of government.

Improvements in the efficiency, effectiveness, and transparency of local government depend on the political will of national- and municipal-level politicians and authorities to improve governance. However, nongovernment organizations, including international donors, can play an important role in promoting and strengthening such political will. Citizen demand for information and better services are important drivers for higher standards in government transparency and effectiveness. Improvements in government ethics and transparency at the national level can help bolster efforts to improve governance at the local level.

Methodologies for measuring government effectiveness can help citizens and authorities gauge performance at the level of municipal government. Mechanisms to measure government efficiency are already in use in several countries, including Colombia, Venezuela, and Mexico. Early results are promising.

A key underpinning for improvements in government efficiency and ethics is the availability of and access to government information, specifically administrative staffing patterns, job descriptions, goals and objectives, budgets, expenditures, procurement, contracting, and bureaucratic procedure. Without such information, it is not possible to assess the performance of municipal government in meeting its stated goals.

Technology is a key ingredient in providing greater access to government information, as well as in promoting efficiency, transparency, and higher ethical standards. The Internet is an essential instrument, putting meaningful and timely information at the disposition of a far broader public than was ever before possible. Instant messaging, blogs, and online publications facilitate citizen access to information.

The speed and efficiency in which government operates is a key factor in reducing the potential for corruption. The greater and more time consuming the bureaucratic process, the larger the incentive to solicit or offer bribes.

There is a large divide between public and private sector perceptions of the prevalence of corruption and the quality of government. Efforts need to be made to narrow that gap, with access to information playing a key role.

An important linkage exists between the independence and effectiveness of judicial systems in place nationally and the ability of municipal government to put effective anticorruption safeguards in place. Likewise, effective policing at the municipal level not only affects municipal governance but also citizen confidence in local government.

There is a tight linkage between effective, fair, and transparent tax policies at the municipal level and government effectiveness and public support. Efficient tax collection not only provides municipalities with more resources but also bolsters public confidence in local government.

The quality of the public service workforce, including police, bureaucrats, and tax collectors, is essential to effective municipal government. Citizen feedback on the performance of public servants is an effective mechanism for promoting more responsive government.

Civil society throughout the region plays an essential role in stimulating higher-quality municipal government. There are a host of mechanisms by which nongovernment organizations can develop cooperative links with local government, not necessarily with the objective of denouncing corruption, but with the goal of promoting higher standards of ethics and efficiency.

The media also plays an important role in countering corruption, although it can also hamper effective anticorruption efforts by politicizing attacks on individuals or governments.

There is a large and diverse role for donor agencies and international organizations in promoting improvements in municipal government in Latin America. Starting with support at the national level for application of international standards (United Nations, Organization of American States conventions, etc.) of ethics and transparency, international organizations can strengthen local institutions that provide oversight and control on public spending and promote methodologies for measuring government efficiency, generally and in terms of tracking projects financed from abroad. When several donors cooperate in setting anticorruption standards for their projects, their political clout with national government improves.

Recommendations

Institutional and Legal Reform

- Anticorruption legislation, regulations, and initiatives at the municipal or local level should be developed and coordinated with similar efforts at the national level. This should not, however, inhibit local-level efforts from going beyond national-level standards or practices if permitted by law.
- National authorities can improve the performance of municipal government by strengthening those national-level entities that provide administrative and fiscal oversight of and support to municipal or local government, especially national comptroller offices.
- Effective law enforcement and administration of justice efforts at the national level will encourage greater effectiveness and ethics at the local level. This requires an effective separation of power between the executive and judicial branch.
- National governments should provide public access to information from relevant ministries regarding transmission of fiscal resources to municipalities. Such information should be disaggregated according to source, end use, and recipient entity and presented in a manner that the public can comprehend.
- Anticorruption efforts at the municipal/local level should be aimed at improving current governance, strengthening safeguards of public funds, improving the effectiveness of government, and promoting greater levels of ethics and transparency, rather than focusing

them on the prosecution of past misdeeds—especially by a previous administration. Anticorruption campaigns should not be employed as a weapon against political adversaries.

Information Management and Performance Measurement and Evaluation

- Municipal Internet Web sites are critical means of providing information to citizens regarding all aspects of local government activity. Web sites should be organized to facilitate access to relevant information, with information provided in a manner that citizens can comprehend. Government services should be offered online to the extent possible to reduce the amount of time it takes for citizens to secure licenses, permits, and other necessary documents.
- Municipal authorities should adopt methodologies for measuring government effectiveness. Many such systems already exist from which municipalities can draw.
- Municipal governments must invest in systems to control, track, and evaluate administrative performance. Careful control over fiscal resources is a central concern, with special oversight of tax collection, contracting, and procurement—a key ingredient. Processes that are carried out online, including periodic updates on compliance with municipal contracts, not only aid in tracking and control but also promote greater citizen confidence in local government.
- Authorities at the local level should ensure the proper generation, storage, protection, and diffusion of information and statistics regarding all aspects of municipal government. Without high-quality information, effective governance and proper anticorruption measures cannot be put in place. Ideally, as much information as possible should be made public and placed online.

Management of Personnel and Resources

- Municipalities should make public information regarding the structure of local government, including an organizational chart, so that citizens know with whom to interface on any given issue, with up-to-date lists of officials and information on how to contact them. Salary scales for municipal workers as well as the salaries of top municipal authorities should be made public.
- Recruitment of public officials through fair and transparent processes is essential in improving the professionalization of municipal government and also in bolstering citizen confidence. Job openings should be advertised online on municipal Web sites. Increased ethics training for all municipal employees is needed.
- Rules must be in place and effectively enforced to ensure that elected officials separate their private political function from their official government activity, with a clear prohibition of use of public funds for political purposes.

- In general, municipalities can lessen opportunities for corruption, as well as normally increasing effectiveness, by shortening the amount of time and number of steps required for any bureaucratic procedure.
- Special attention should be paid to the organization, recruitment, oversight, and remuneration of municipal and local police.
- Municipalities should provide citizens with a means of filing anonymous complaints about government services as well as to denounce alleged acts of corruption. Mechanisms are needed to follow up on such complaints.

Civil Society and the Private Sector

- Efforts by civil society to promote higher levels of government transparency and efficiency should be encouraged. Civil organizations can encourage competition among municipalities in a given country to adhere to higher standards of ethics, transparency, and efficiency, as well as in helping to raise public awareness of the services citizens should expect from local government and how to obtain them.
- The private sector should be invited to participate in efforts to assess service delivery and the performance of public agencies.

About the Authors

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