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SOUTH-SOUTH COOPERATION IN TRANSPARENCY, ANTI-CORRUPTION AND CITIZEN SECURITY

Final Report

January 2019

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South-South Transparency, Anti-corruption, and Citizen Security: Final report

Submitted to:

USAID

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In partnership with the American Institutes for Research (AIR)

Under the Latin America and the Caribbean Youth Violence Prevention Project

Contract No: AI-OAA-TO-16-00041

Submitted January 2019

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FINAL TECHNICAL REPORT ON RESULTS

The Center for Strategic and International Studies (CSIS) Americas Program has been conducting the CSIS Citizen Insecurity and Corruption Study under USAID LAC-YVP task order #AID-OOA-I-15-00007, YouthPower-Evidence and Evaluation IDIQ since April 19, 2018. This is the Final Technical Report on Results required under the subcontract with the American Institutes for Research, (AIR).

This assessment was a key element in the CSIS project on “Transparency, Good Governance and Citizen Security. The goal of this project is to develop new ways to address corruption and citizen security in the three countries of the Northern Triangle—El Salvador, Guatemala, and Honduras—based on best practices being implemented in Chile, Colombia, and Uruguay. The choices of those three countries was based in part on the recognition that with respect to [transparency](#), [anti-corruption](#) and [rule of law](#), Chile and Uruguay stand out, and that with respect to citizen security, important advances have been made in [all three countries](#). This approach also provides the basis for new and innovative forms of South-South technical cooperation. An innovative element of the South-South cooperation aspect of the project was to conceptualize from the outset the participation of both government agencies and civil society organizations in all six countries in analyzing current challenges and possible solutions with respect to anti- corruption, good governance and citizen security.

Mark L. Schneider served as the senior technical advisor consultant, leading the research assessment and reporting to Michael Matera, subcontractor’s key personnel. As CSIS Americas program director, Matera oversaw the technical and administrative provisions of the subcontractor. Linnea Sandin, the Program Manager for the Americas Program, was responsible throughout for administrative and financial management aspects of the project. The Chilean Agency for International Development Cooperation (AGCID) played a particularly central role from the project’s beginning as the key Chilean government partner. Similarly, the Uruguayan Agency for International Cooperation (AUCI) participated throughout the project. The Colombian Agency for International Cooperation was supportive and confirmed the appropriateness of the Colombian non-governmental organizations.

In Chile, [Espacio Publico](#), the civil society organization engaged in anti-corruption, was the implementing partner for the assessment research. In Uruguay, [Uruguay Transparente](#), the local affiliate of Transparency International (TI) was the CSIS partner and prepared its assessment document for the project. Similarly, in Colombia, [Transparencia por Colombia](#), also the local TI affiliate, prepared the assessment covering the first four subject areas below. The [Conflict Analysis Resource Center \(CERAC\)](#) prepared its assessment specifically targeting the fifth area of impunity and citizen security. The subject issues addressed in the country assessments included:

- Campaign and political party finance;
- Public fiscal management and tax evasion prevention;
- Public procurement and contracting;
- Civil service reform and verification mechanisms; and
- Impunity and citizen security.

Each of the country partners then drafted detailed reports of best practices in each of these areas, which already serve as a reference for those in each country and for USAID for assessing where their expertise can best be harnessed in South-South cooperation, both now and during future phases of the project. Importantly, these [Assessment Reports](#), in addition to identifying the specific reforms, also reflect the processes in each country which enabled those reforms to obtain the necessary political and legislative support despite long legacies of political polarization. Some of those controversial reforms included halting corporate campaign contributions, making violations of campaign contributions criminal rather than civil, requiring publication of campaign donors, and detailing campaign expenditures. Other reforms involved online and transparent public procurement, merit versus patronage based civil service reform, reducing capacity for tax evasion, and bolstering institutional capacity to investigate, prosecute, and adjudicate corrupt practices, including in public security forces.

In parallel, CSIS Americas Program staff worked with leading civil society organizations in El Salvador, Guatemala, and Honduras to produce detailed [Diagnostic Reports](#) assessing the degree to which the laws and regulations of these countries have addressed these areas and where gaps still exist. In each case, the initial drafts, after review by other civil society actors, were revised by the CSIS Americas Program, and agreement reached on drafts which then were shared with the USAID mission and the CARSI program coordinators. The drafts then were shared by CSIS and its civil society partners with relevant government officials in each country, including the offices of the attorneys general, foreign ministries, Audit Court, comptroller, electoral tribunals, and in the case of El Salvador and Guatemala, officials of the secretaries of transparency within the offices of the President. Similarly, in Guatemala and Honduras, the drafts were consulted with the International Commission Against Impunity in Guatemala (CICIG) and the Mission to Support the Fight Against Corruption and Impunity (MACCIH).

Final diagnostic reports were then agreed on between the primary civil society organization and CSIS and became a portion of the working documents for the Santiago Conference on Transparency, Good Governance and Citizen Security. They also have served as references for other organizations engaged with similar concerns. **(Responses to the questions that constitute this Citizen Insecurity and Corruption Study include references as appropriate to specific pages within each of the El Salvador, Guatemala and Honduras Diagnostic reports.)**

- In El Salvador, the [Fundación Nacional para el Desarrollo \(FUNDE\)](#) joined directly with [Acción Ciudadana](#) in preparing the diagnostic report. In addition, with the collaboration of the El Salvador USAID mission—the primary partner—organizations engaged with other civil society organizations, including [Fundación Democracia](#), [Transparencia y Justicia](#), and [Iniciativa Social para la Democracia \(ISD\)](#).
- In Guatemala, the primary partner was [Acción Ciudadana](#), local affiliate of Transparency International. In addition, the [Instituto Centroamericano para Estudios Fiscales \(ICEFI\)](#), the [Instituto de Enseñanza para el Desarrollo Sostenible \(IEPADES\)](#) and the [Association for Research in Social Studies \(ASIES\)](#) were consulted during the process.
- In Honduras, the primary partner was the [Consejo Nacional Anticorrupción \(CNA\)](#) a leading civil society organization with primary focus on anti-corruption and impunity. A draft of the diagnostic also was shared with the [Asociación para una Sociedad Mas Justa \(ASJ\)](#).

In all three countries, senior government officials confirmed in writing that they would cooperate on this project. CSIS staff made several visits to all six of the countries engaged in this project over the study period, (noted in the periodic activity reports submitted to AIR). During the trips, CSIS staff also discussed the issues and the project with business and academic leaders.

On October 17–18, 2018 in Santiago, Chile, government and civil society representatives from all six countries participated in the Conference on Transparency, Good Governance and Citizen Security, organized by CSIS and AGCID. Participants presented key findings of the Assessment and Diagnostic Reports and discussed how best to match up best practices from Chile, Colombia, and Uruguay with gaps in the policy framework in the Northern Triangle Countries. Chile’s Secretary General for External Relations, Ambassador Patricio Torres, and the Director General of AGCID, Ambassador Juan Pablo Lira, hosted the seminar, which approximately 70 public and civil society representatives from the six countries involved in the project attended. Chile’s Attorney General, Defensor of the Republic and the Executive Directors of its Civil Service Office and SERVEL, its electoral tribunal, also shared their experiences and expertise¹.

Presentations included a magisterial keynote by Ivan Velasquez, CICIG commissioner; [CSIS reviews](#) of the project objectives and status; and panels on [electoral financing](#), [mechanisms to confront impunity](#), and [civil service reform](#) that included civil society and government representatives from all six countries. The second day included workshops on each of the five subject areas with conclusions presented by rapporteurs to the plenary. The discussions were based on the Chilean, Colombian, and Uruguayan assessment reports and the diagnostic reports from El Salvador, Guatemala, and Honduras. The workshop conclusions and recommendations along with links to the reports were included in the final reports in [English](#) and [Spanish](#) which were subsequently distributed to all participants.

ACTIVITIES AND DELIVERABLES

(Details were reported as part of periodic activity reports. Dates were amended in some cases due to circumstances beyond our control.)

ACTIVITIES:

1. Roundtable at CSIS to introduce transparency project to interested embassies (February 26, 2018)
2. Preparation of Santiago conference agenda, methodology, and participants by AGCID and CSIS with the consultation of AUCI and APC-Colombia (August-October 2018)
3. Assessment Report: Research and assessment of transparency, governance, anti- impunity, and citizen security achievements in Chile prepared by Espacio Público with CSIS review (in consultation with AGCID) (Finalized May 2018)
4. Diagnostic Report: Research and analysis of transparency, governance, anti-impunity and citizen security priority reforms required and those susceptible to benefit from South- South cooperation in El Salvador, prepared by FUNDE with contributions from Acción Ciudadana and with CSIS review (Finalized May 2018)

¹ See Annex A for full list of participants

5. Working documents prepared for Santiago Conference, including assessments of Chile and Uruguay and a diagnostic of El Salvador, prepared by CSIS in consultation with Espacio Público, Uruguay Transparente, and FUNDE. Guatemala and Honduras diagnostic reports also included as working documents. Colombia assessment reports also included. (September-October 2018)
6. Assessment report: Research and assessment of transparency, governance, anti-impunity, and citizen security achievements in Colombia, prepared by Transparencia por Colombia and CERAC with CSIS review (August 2018)
7. Santiago Launch conference hosted by AGCID with 70 participants; discussed effective strategy for priority transparency, governance, anti-impunity, and citizen security reforms (October 17–18, 2018)
8. Preparation of report on conference by CSIS and AGCID (initial draft by Espacio Público) and distribution to participants (November 2, 2018)
9. Diagnostic Report: Research and analysis of transparency, governance, anti-impunity and citizen security priority reforms required and those susceptible to benefit from South- South cooperation in Guatemala, prepared by Acción Ciudadana with CSIS review (July 2018).
10. Preparation of [commentary](#) on Santiago Conference (December 2018)
11. Scheduling of initial south-south cooperation activities in El Salvador by the government of El Salvador, FUNDE, and government and civil society organizations of Chile, Colombia, and Uruguay (November 2018)
12. Diagnostic Report: Research and analysis of transparency, governance, anti-impunity and citizen security priority reforms required and those susceptible to benefit from South- South cooperation in Honduras, prepared by the Consejo Nacional Anticorrupción with CSIS review (September 2018).
13. Meetings with civil society partners from NTC, Chile, Colombia, and Uruguay with respect to future activities with respect to transparency, governance, anti-impunity and citizen security reforms discussed outside Santiago conference.

DELIVERABLES:

1. Agenda, methodology and participants list for Santiago Conference (April, revised September, October 2018)
2. Summary Prioritization Plan for El Salvador, Guatemala, and Honduras (July-August 2018)
3. Field Research Assessment Reports for Chile and Uruguay (May 2018)
4. Diagnostic Reports for South-South Cooperation (May–September 2018)
5. Colombia Field Research Assessment Report (June–September 2018)
6. Final Technical Report of Project Results (December 2018–January 2019)

SCOPE OF WORK

In responding to the questions contained within the scope of work, USAID's anti-corruption assessment framework formed elements of the terms of reference for assessment reports for Chile, Colombia, and Uruguay and diagnostic reports for El Salvador, Guatemala, and Honduras. The syndromes² described in the USAID practitioner handbook formed part of the discussion with the partner organizations. In the reports, partner organizations incorporated analysis of the legal-institutional framework, political-economic dynamics, stakeholders and sectors, functions and institutions both affected by corruption and potentially subject to anti-corruption reforms.³

WHAT WERE THE KEY LESSONS FROM THE CHILE, COLOMBIAN, AND URUGUAY EXPERIENCES THAT ENABLED THOSE COUNTRIES TO ADOPT THEIR EXTENSIVE LEGAL, POLITICAL, AND REGULATORY MECHANISMS TO ADDRESS CORRUPTION MORE EFFECTIVELY AND HOLD ACCOUNTABLE THOSE WHO ENGAGE IN SUCH ACTIONS? WHAT WERE THE KEY CONDITIONS IN THESE COUNTRIES THAT ALLOWED PROGRESS, AND HOW DID THEY AFFECT SECURITY CONDITIONS IN THESE COUNTRIES?⁴

In Chile, the analysis began by emphasizing the political economic dynamics and the legal-institutional framework following the return to democracy and noted with specificity corruption scandals that marked moments of grave public concern from 1990 to the present (including the Codelco, Coimas, ChileDeportes, CORPESCA, PENTA and SQM cases) (Chile 4-6, 7-10). In each case, the public response—driven by civil society—produced presidential investigative commissions with broad representation across party lines and public demand that enabled rapid adoption of reforms, which special interests had previously blocked. In fact, the conclusion of the Chile assessment was that those scandals—initially sparked by complaints, investigations and press reports—enabled civil society to press successfully for public policy reforms and new laws and regulatory mechanisms. An example was the rapid passage of a Lobbying Law restricting conflicts of interest, which had laid dormant for some 11 years before President Sebastian Piñera pushed it forward in his first term following publicity surrounding conflict of interest questions.

² https://www.usaid.gov/opengov/developer/datasets/Practitioner's_Guide_for_Anticorruption_Programming_2015.pdf p. 10. The syndromes are as follows: Type 1. Wealth pursues influence in public institutions; Type 2. High-level figures collude to weaken political/economic competitors; Type 3. Oligarchs contend in a setting of pervasive insecurity; and Type 4. A dominant inner circle acts with impunity

³ It should be noted that the scope of the study did include other factors affecting citizen security. One of the key factors with demonstrated relevance are economic and social conditions affecting youth. This study did not seek to evaluate the relative opportunities for youth employment, education, and measures to engage young people in their communities. However, we recognize the importance of those factors, particularly in NTC countries where gangs are both largely comprised of young people, as are their victims. The 2018 Igarape study [on Citizen Security in Latin America](#) reported that every 1% increase in youth unemployment statistically can be connected to .34% increase in homicides per 100,000.

⁴ Responses to the questions that constitute this Citizen Insecurity and Corruption Study also include reference as appropriate to specific pages within each of the Chile, Colombia, and Uruguay Assessment Reports. For the sake of conciseness, the two reports on Colombia will be referred to as 'Colombia-TPC' and 'Colombia-CERAC', respectively, in all citations.

While those reforms advanced Chile's anti-corruption mechanisms, the report focuses with even greater detail on the situation following the CAVAl case involving President Michelle Bachelet's son and daughter-in-law. Her response to the scandal mirrored that of her predecessors in naming a presidential Commission but transformed the past pattern with what became known as the Engel Commission, primarily by endowing it with a broad and independent mandate and with immediate financing through the Ministry of Finance. Its cross- ideological nature also gave it credibility and approval of recommendations took place without presidential involvement, let alone interference (Chile 11-21). Its chairperson, Eduardo Engel, was able to obtain near unanimous approval of 236 recommendations during a 45-day period.

During that period, the Commission practiced the transparency that it preached, holding public hearings both in and outside Santiago where academics, national and international civil society experts appeared. The Commission created a [website](#) to enable continued public awareness of progress. Also, the diverse nature of the members subsequently enabled the Commission to follow up the recommendations as they went to the Congress to assist in legislative drafting which was not possible in earlier presidential commissions. Public opinion surveys after the Commission cited its president at the top of the 25 most admired persons in Chile and five other members, all from civil society, including from opposite ideological corners, also were named among the 25 most admired (Chile 17).

Two other elements of the Commission deserve mention. First, while the nature of the PENTA, SQM and CAVAl cases called for specific responses, the Commission also looked more broadly at systemic issues such as the debilitating role of money in politics. Its recommendations were transformed into 21 proposed laws introduced by President Bachelet and a series of administrative regulations also went into effect. Many of those laws passed relatively quickly, and nearly unanimously, and the administration put up its own [webpage](#) indicating where administrative actions had been taken in lieu of legislation (Chile Annexes 1-4). A second important difference from past anti-corruption efforts was the establishment of an Observatorio Anti-Corrupción, managed by civil society (Espacio Público and Ciudadano Inteligente) which tracked the implementation of the Commission recommendations and continues to give marks for partial or full adoption (Chile 18).

As the report noted, the presence of a cross-party and cross-ideological make-up to the anti-corruption movement and the presidential Commission made it very difficult for interests, elites and political actors "to use their traditional power of veto" to block reforms. That broad support has continued through the change in administrations where President Piñera's new Minister of Justice, Hernan Larraín was the chair of the Senate Ethics Committee earlier and a strong supporter of anti-corruption legislation stemming from the Engel Commission. This past month, an anti-corruption measure became [law](#) that incorporated elements from the original Bachelet proposals in raising penalties for corruption both for public and private sector crimes. It was strengthened by Minister Larraín and later by civil society participation during the Congressional debate.

In terms of the conditions that helped enable the transparency and anti-corruption reform process to move forward, interviews with former presidents, parliamentarians, political leaders and opinion leaders from the business and civil society sector focused on the common democratic values shared by those who had endured the Pinochet dictatorship and helped craft the democratic recovery. The opportunities and responsibilities to consolidate institutions and the rule of law related to combatting corruption were accepted in large measure almost without regard to whether the presidency came

from the center of the Concertación (President Patricio Aylwin) from the center-right (Eduardo Frei), center-left (Ricardo Lagos), left (Michelle Bachelet) or the conservative opposition to the Concertación (Sebastian Piñera).

Direct causal relationships between anti-corruption and security are difficult to establish conclusively. Nevertheless, almost all observers and the assessment report note the impressive rating on control of corruption, respect for the rule of law and effective governance as related, at least indirectly to the impressive historical levels of security in Chile. Its current rate of 3.5 homicides per 100,000 is the second lowest in the [hemisphere](#). Regional and global studies assert the linkage as well. That link is demonstrated, at least in part, to the relatively high confidence the public has in the police, as demonstrated by its willingness to report crimes, most recently reaching [60% of respondents](#).

In Colombia, the assessments underscored the historical context of a 50-year conflict affecting all aspects of the policy and programmatic efforts at improving citizen security, transparency and anti-corruption (Colombia-CERAC 4, Colombia-TPC 6). Police reforms, a generalized expansion of access to justice along with ceasefires accompanying peace negotiations with the FARC and the ultimate peace accord produced a 42-year low in homicides as of [January 2018](#).

Improvements in citizen security still have regional variations linked to the presence of dissident FARC members; the remaining guerrilla combatant force, the Army of National Liberation (ELN); and drug cultivation and trafficking (Colombia-CERAC 18).

The assessment underscored the importance of extending the targeting deployment of police and justice assets to high risk areas under a national plan focused on addressing the “solutions to problems and manifestations of violence and crime”, and which included a reinforced notion of community policing (Colombia-CERAC 14).

Similarly, in assessing the range of actions in the areas of tax reform, public procurement and electoral financing reform the assessments underscored the importance of transparency and the role of civil society (Colombia-TPC 14, 17-18, 30, 38, 44). One key example relative to the electoral financing issues was the direct transfer by TPC to the electoral tribunal of *Cuentas Claras*, an online tool for the required reporting of contributions to candidates and parties along with expenditures, available to the electoral tribunal, attorney general’s office, civil society oversight, and the public at large (Colombia-TPC 60).

Examining the lessons learned from its work, TPC noted the importance of transparency in public procurement, which previously has experienced corruption from “structural phenomena like clientelism, organized crime, collusion and private interests.” The institution of a national public procurement agency, *Colombia compra eficiente*—begun in 2011 and finalized in 2016—established online oversight mechanisms both from government agencies and sectoral associations motivated by self-interest in insuring that their members are not discriminated against by corrupt decision-making. Public procurement accounts for some 30% of public expenditures. They also note the importance of the current independent civil society oversight, which provides direct monitoring and reporting on internal guidelines, procedures for compliance, procurement and contracting decisions and the elements of those contracts (Colombia TPC 13-14, 17-18).

In Uruguay, the assessment underscored the historical conditions during the 70-year democratic history marked by a power sharing arrangement among the two major parties (Colorado and Nacional)

that extended to government agencies, supreme court, electoral tribunal, comptroller and administrative court regardless which party was in the presidency (Uruguay 4-6, 13-18). The requirement for two thirds majorities in most decision-making stimulated compromise and respect for separation of powers established the institutional foundation of the rule of law. However, the dominance of party control over state agencies also meant that favoritism and party patronage was a fact of life in the public service. As in the Chile case, the experience of the military takeover from 1973 to 1984, with sharp increases in the perception of corruption, impacted building of support for greater transparency (Uruguay 13) after the end of dictatorship. Scandals affected both parties in the 1990's as government officials benefited illicitly from privatization of some state enterprises. Strong civil society reaction generated a series of reforms that resulted in Uruguay obtaining “outlier” status, ranking far higher than other Latin American countries (apart from Chile) with respect to corruption and governance (Uruguay chart 13, 16).

Lessons in the assessment noted the importance of investigative journalism in unmasking corruption along with the importance of civil society in generating a broad, public response to those scandals that ultimately resulted in laws, regulations, and institutional reforms.

In addition to the post dictatorship emergence of strong civil society, the presence of a third major political party, Frente Amplio also further guaranteed that political actors across the board incorporated anti-corruption narratives into their political agendas (Uruguay 16). Partly as a result, professional and merit-based recruitment and promotion became the rule in the government bureaucracy, detailed below in discussion of the mechanisms and norms established in recent years. The growing evidence of linkages between corruption and organized crime also stimulated a series of specific actions—approved with near unanimity by the political parties—aimed at their control, with specialized courts and prosecutors, again with strong civil society support (Uruguay 6, 21, 23). Uruguay's [homicide rate](#) has recently increased, estimated at the end of 2018 at 11.2 per 100,000, with concerns related to trafficking from Brazil and local gang activities generating a greater focus on improving law enforcement and security agency coordination.

WHAT ARE THE NEW ANTICORRUPTION AND TRANSPARENCY MECHANISMS IN EACH COUNTRY, AND WHAT ARE THE ROLES OF GOVERNMENT, THE PRIVATE SECTOR, AND CIVIL SOCIETY IN IMPLEMENTING, MONITORING, AND SUPPORTING EACH NATION'S COMMITMENT TO IMPROVED GOVERNANCE? HOW HAVE RESOURCES BEEN APPLIED TO PROVIDING NEW PUBLIC SERVICES, INCLUDING CITIZEN SECURITY-RELATED PROGRAMMING?

PUBLIC FISCAL MANAGEMENT AND TAX EVASION PREVENTION

Chile's 2014 tax reform encompassed a sweeping set of changes to the national tax system, including new regimes for taxing corporate profits, the establishment of the economic basis for a taxable act, a process of capital repatriation, and efforts to strengthen institutional capacity (Chile 48-50). It was followed soon after by a memorandum of understanding negotiated between the government and private sector, specifying the conditions for paying VAT and creating incentives for reinvestment (Chile 50).

In **Colombia**, the Commission of Experts for Tax Equity and Competitiveness (Comisión de Expertos para la Equidad y la Competitividad Tributaria) was created by the 2014 Tax Reform law to produce a

detailed study on the national tax structure and necessary reforms to the system. This mechanism brought together civil society and government in searching for solutions to problems with the tax structure and the resulting low levels of tax collection (Colombia-TPC 21).

As a result of the decades-long conflict in Colombia, many parts of the country suffer from low levels of economic and institutional development. To address these issues, and as part of the landmark 2016 peace agreement with the FARC, the Colombian government introduced a tax incentive mechanism aimed at promoting development in the Zones Most Affected by the Conflict (ZOMAC). This policy was enshrined in the 2016 tax reform, which charged the Ministry of Treasury, National Planning Department, and Territorial Development Agency with defining the methodology for selecting the municipalities that would receive those incentives (Colombia-TPC 23).

Another mechanism included in the 2016 tax reform was the creation of the so-called ‘Monotributo’, or single tax, with the aim of countering high levels of informality in the Colombian economy. The money gathered by means of the tax goes into the social security system, thereby creating an incentive for formalization. [Estimates](#) indicate that 1,285,000 Colombians will use the single tax by 2020 (Colombia-TPC 25-26).

In **Uruguay**, Law 19.484 of 2016 represented an important reform to the country’s fiscal regime, as it eliminated bank secrecy and created mechanisms to allow the government to access information on the balances and incomes of bank accounts belonging to people and businesses (Uruguay 24).

One area where Uruguay has created several mechanisms to ensure transparency and functionality is in its customs system. An important step was the creation of the Customs Intelligence and Response Group in 2010, which was made up of 13 police officers charged with investigating acts of corruption related to customs (Uruguay 28).

In 2014 the Customs Code was created under Law 19.276. This code regulated the norms governing the customs system, aligning them with international law and ensuring consistency across the board. It also mandated the creation of an electronic records system, thereby simplifying the management processes and creating uniformity (Uruguay 27). In this same period, the Private Sector-Customs Consultative Committee (Comité Consultivo Aduanas-Sector Privado) was created as a mechanism to manage complaints and concerns raised by foreign trade operators (Uruguay 27). In addition to the 2014 Customs Code, the Uruguayan legislature passed a resolution in 2016 approving the Code of Conduct of the National Customs Directorate (Código de Conducta de la Dirección Nacional de Aduanas) (Uruguay 28).

PUBLIC PROCUREMENT AND CONTRACTING

In reaction to high-profile cases of corruption in 2002 and 2003, **Chile’s** legislature passed Law 19.886 in 2003, creating several important mechanisms regulating acquisitions and contracting (Chile 34). The law mandated the creation of a Manual of Acquisition Processes outlining the planning procedures, formulating baselines and terms of reference, criteria and mechanisms for evaluation, procedures for receiving goods and services and providing timely payment, and more (Chile 35). The law also included the establishment of buying modalities and contracting procedures, specifying three manners of adjudicating contracts: the Marco Convention, public bidding, and private bidding or direct contracting (Chile 35-36). All three

mechanisms require those soliciting bids to prioritize the greatest cost benefit, as well as special consideration of companies with records of treating and paying their employees well (Chile 35).

Another mechanism introduced, Law 19.886, was the official registry of contractors, under the purview of *ChileCompra*, an online electronic purchasing system (Chile 15). This registry is public, and contains information relating to all listings, bids, contracts, adjudications, and other processes of procurement and contracting. However, the military and police are exempt from this rule (Chile 37).

Lastly, Law 19.886 created the Public Contracting Tribunal (Tribunal de Contratación Pública), charged with examining all challenges to mandated administrative procedures and related criminal activity. The law details the procedures for such cases, as well as the appeals process (Chile 38).

ChileCompra has also introduced new mechanisms in response to recommendations made by the Advisory Council. In 2013, *ChileCompra* introduced its Observatory Program (Programa Observatorio), aimed at promoting best practices and standards (Chile 39).

Two other recent laws led to the creation of important mechanisms promoting transparency and preventing corruption in procurement and contracting in Chile. The first, Law 20.410, led to the creation of the Technical Panel (Panel Técnico), which serves as a mechanism for resolving conflicts between the state and companies that had been awarded contracts. The law also introduced new rules governing the management and definition of public works (Chile 40).

Finally, it created the Concessions Council (Consejo de Concesiones), charged with protecting the public interest in the development of new projects (Chile 40, 42).

The second piece of legislation, Law 21.044, created the General Directorate of Public Works Concessions (Dirección General de Concesiones de Obras Públicas), to ensure coordination and adequate capacity in designing and carrying out projects (Chile 39–40).

Likewise, in **Colombia** several vital reforms have taken place in recent years in relation to contracting and procurement. The government took advantage of new technologies to create the Electronic Public Contracting System (Sistema Electrónico de Contratación Pública; SECOP), which centralizes all information relating to acquisition processes, services and execution of public works (Colombia-TPC 8). In 2015 the government replaced it with SECOP II, which included a virtual marketplace and other improvements aimed at facilitating transparent and efficient contracting (Colombia-TPC 10). Templates of conditions for contracting processes have recently been introduced in another effort to regularize the contracting process, ensuring that the same procedures are used in all government transactions (Colombia-TPC 9). To improve upon the traditional concessionary model, Colombia approved Law 1508, which regulates public-private alliances. One result of the regulation is risk is assumed by both the public and private sector, ensuring all parties have a stake in the efficient and timely completion of projects (Colombia-TPC 9).

The Assessment Report from **Uruguay** illustrated two key mechanisms in Uruguay's public procurement and contracting systems that promote transparency. Article 8 of Uruguay's Law 18.786, passed in July 2011, established the regulatory framework applicable to the Public-Private Contracts regime (Uruguay 22). In addition, the creation of the Agency for State Procurement and Contracts (Agencia de Compras y Contrataciones del Estado; ACCE) introduced several new mechanisms,

including the Unitary Registry for State Providers (Registro Único de Proveedores del Estado; RUPE) and a website with publicly accessible information on contracts and acquisitions (Uruguay 22).

CAMPAIGN AND POLITICAL PARTY FINANCE

In April 2016, the Chilean government embarked on an ambitious electoral reform agenda in the form of Law 20.900, building on recommendations of the Engel Commission. This piece of legislation contained a series of large-scale modifications to the manner in which Chile's campaign and political party finance systems are regulated, not the least of which was the introduction of public financing mechanisms for political parties' activities (Chile 25, 29). The most important was barring corporate financing along with setting lower limits on total expenditures for presidential and congressional campaigns along with clear limits on individual donor contributions to parties or candidates (Chile 24–25). Under this system, 20% of funding was apportioned based on the number of regions in which a party had a member in office, and 80% was given to those parties based on parliamentary representation (Chile 30).

Another aspect of this law was the introduction of a gender quota. Under this new rule, the governing bodies of political parties could have no more than 60% of their members of one gender, forcing them to pursue equity in their leadership (Chile 30). Internal party elections were further regulated by the empowerment of the Electoral Service to audit and approve internal regulations surrounding those proceedings, ensuring that they are free and fair as well (Chile 31).

The law introduced a variety of new transparency mechanisms, including a requirement that presidential candidates present government agendas upon officially announcing their candidacies and that all candidates to representative positions complete declarations of assets and interests (Chile 27). This information, as well as weekly reports on campaign contributions, are made available to the public by the Electoral Service (Chile 26).

One of the most important achievements of **Colombia** in the area of campaign and political party finance reform has been the implementation of the *Cuentas Claras* mechanism to document and make available to the public information about campaign incomes and expenditures. The application provides citizens with real time access to reports on parties and candidates. In the five election cycles since the creation of *Cuentas Claras* in 2011 (not including the most recent presidential elections), an average of 90% of candidates have submitted reports through *Cuentas Claras*, and during the 2014 presidential elections, 100% of candidates in both the first and second rounds fulfilled their reporting obligations (Colombia-TPC 49–50). There are concerns, however, that not all expenditures were included in those reports (Colombia 53). In addition to the creation of *Cuentas Claras*, Colombia took a step towards greater transparency in politics with the passage of Law 712 of 2014. The law mandated the inclusion of all political organizations as subjects that must comply with transparency and access to public information requirements, including political parties, political movements, and citizen groups (Colombia- TPC 50). This new regulation ensured that all political organizations would be held accountable and closed a potential loophole in the existing legislation.

In May 2009 **Uruguay** enacted Law 18.485, instituting new mechanisms in the regulation of political party and campaign finance. The law included regulations on political party income and created new transparency and reporting requirements. The law also empowered the Electoral Court (Corte

Electoral), giving it the authority to monitor compliance with the law and punish those who do not comply (Uruguay 21-22).

CIVIL SERVICE AND VERIFICATION MECHANISMS

In June 2003 **Chile** passed a comprehensive reform of its civil service system.

Law 19.882 created the National Civil Service Directorate (Dirección Nacional del Servicio Civil), introduced a public competition process, and created the Public Leadership Council (Consejo de Alta Dirección Pública), all in an effort to modernize and improve the functioning of Chile's civil service (Chile 52, 54). These new mechanisms are responsible for recruitment and selection, supervision, and development of the civil service, including in its highest positions (Chile 53).

In recent years **Colombia** has instituted various mechanisms focused on improving the training and professionalism of its civil service. This has included the National Education and Training Plan (Plan Nacional de Formación y Capacitación), education scholarships for public servants, and the 'Estado Joven' Program, which offers paid public-sector internships to students in relevant programs of study (Colombia-TPC 36). Additionally, Colombia has made significant advances in establishing a merit-based selection system for public employees that includes regulations on public competition for positions (Colombia-TPC 33).

Uruguay's efforts to promote ethics and prevent corruption in its civil service date back to 1998, with the passage of Law 17.060, which established norms in relation to the undue use of public power and is the basis of anti-corruption in Uruguay (Uruguay 19-20). It also created the State Economic-Financial Advisory Council (Junta Asesora en Materia Económico-Financiera del Estado), a precursor to the JUTEP (Junta de Transparencia y Ética Pública) (Uruguay 20). In 2015, JUTEP became a decentralized unit with greater autonomy as a result of Law 19.340 and has broad transparency powers (Uruguay 23).

Another important advancement came in 2003 with Decree 30/003. This decree established a code of conduct for public servants, detailing the basic principles governing their actions as agents of the government (Uruguay 20).

IMPUNITY AND CITIZEN SECURITY

Chile recently created a specialized Anti-Corruption Unit within the Attorney General's Office to guide the national fight against impunity. This body guides the work of more than 100 prosecutors across the country in investigating acts of corruption (Chile 68-69). It also works with a special investigative unit in the National Police (Policía de Investigaciones). Concerns over corruption in the police, particularly the administrative side of Carabineros, have resulted in investigations and prosecutions, mostly for misuse of police budgets and procurement. Those cases contributed to the adoption of [a law](#) in 2018 strengthening penalties. Perhaps the strongest pressure within Chile that offers lessons for others was the need to strengthen penalties for corrupt actions, which was achieved in the latest legislative action. The focus on acts of corruption extends to money-laundering, which can have a direct impact on addressing organized crime issues. One of the concerns in Chile is whether lower approval ratings (Chile 77-80) recently for Carabineros, police investigations, and the judiciary will have an impact on the country's excellent record on citizen security.

Colombia has taken important strides towards addressing citizen security and impunity challenges, paralleled by significant reduction of the national homicide rate, and in the process has created several mechanisms outlined in the CERAC report.

The National Police and Coexistence Code (Código Nacional de Policía y Convivencia; CNPC) introduced a series of tools centered around coexistence and citizen security. The code included a focus on preventative policies, but also strengthened the capacity of the police in dealing with actions threatening coexistence (Colombia-CERAC 9).

In 2014 the National Model for Community Monitoring by Quadrant of the Colombian National Police (Modelo Nacional de la Vigilancia Comunitaria por Cuadrante de la Policía Nacional de Colombia; MNVCC-PNC) was introduced. This new model aimed to improve on the traditional method of policing, which primarily relied on patrols and responding to crimes, by focusing instead on the conditions that give rise to criminal activity in the first place. In order to achieve this, the MNVCC introduced new prevention and planning mechanisms in policing practices (Colombia-CERAC 12).

Another important step along Colombia's road to strengthened security was in 2011, with the introduction of the Justice Strategy "Zero human rights violations mean zero impunity". This strategy was a combination of a variety of measures, all aimed at ensuring the effective administration of justice in cases of human rights violations carried out by members of the military or police. Some cases involving extrajudicial executions ("*falsos positivos*") were directed to ordinary criminal courts rather than military courts. After the signing of the peace accords and establishment of the Special Jurisdiction for Peace (JEP), the 1800 members of the armed forces charged with those crimes are likely also to come under the JEP. (Colombia-CERAC 20–21).

In addition to introducing new investigatory mechanisms within the military, in 2017 Colombia created a Special Investigation Unit (Unidad Especial de Investigación; UEI) by presidential decree law following legislative action. This mechanism also grew out of the peace accords signed with the FARC, and the need to address the security threats that could affect the implementation of these agreements. The UEI is a criminal investigation body created within the Attorney General's Office, whose objective is to dismantle criminal organizations that attack those who are engaged in the implementation of the peace accords, such as human rights defenders, social movements, political movements, including demobilized former combatants. (Colombia-CERAC 25).

In particular, the UEI focused on successor criminal organizations to the paramilitaries, and crimes against human rights defenders and civil society organizations in Colombia (Colombia- CERAC 23-25). Nevertheless, [attacks on social activists reached an all-time high in 2018](#) due to the continued presence of a variety of armed groups, including dissident FARC members, the ELN, and illicit drug and other organized criminal groups in former conflict zones, particularly those along the Pacific Coast and in the Norte de Santander and Cauca regions.

The National Program of Houses of Justice and Citizen Coexistence (Programa Nacional Casas de Justicia y Convivencia Ciudadana) aims to provide a mechanism for community justice and conflict resolution. To do so, the program brings representatives from the offices of the Public Defender, Attorney General, and Ombudsman to institute alternate conflict resolution mechanisms and educate citizens about their rights and responsibilities (Colombia-CERAC 22). In a survey carried out by the

Ministry of Justice, 95% of the population surveyed said they were satisfied with the services provided through this program (Colombia-CERAC 23).

Another initiative aimed at strengthening the provision of justice on a local level is the District Program for Restorative Juvenile Justice (Programa Distrital de Justicia Juvenil Restaurativa), implemented in the Municipality of Bogotá. The aim of this program is to prevent criminality among young people and hold accountable those who commit crimes. However, the program encourages judges to seek alternative forms of justice, including some form of reparations for the harm caused by the crime (Colombia-CERAC 32).

Colombia has bolstered its mechanisms for supporting victims. In Bogotá, the District System for Protecting Female Victims of Violence (Sistema Distrital de Protección Integral a las Mujeres Víctimas de Violencias) established norms for raising awareness around, preventing, and punishing violence and discrimination against women. The goal of the system is to create a shared framework for protecting female victims of violence in Bogotá (Colombia-CERAC 34).

Many of **Uruguay's** efforts to combat impunity and promote citizen security have been centered on preventing money laundering, a major source of funding for many criminal organizations.

Law 18.172, article 112, enshrined the creation of the Anti-Money Laundering Secretariat (Secretaría Anti-Lavado de Activos), which received further authority under article Law 18.719 and Law 19.574 (Uruguay 21). The latter updated and systematized the norms and regulations for preventing money laundering and terrorist financing and expanded the subjects obligated to report suspicious operations. Additionally, it created a commission within the Anti-Money Laundering Secretariat to control compliance (Uruguay 24).

Law 18.719 introduced a new mechanism into Uruguay's fight for citizen security: the General Directorate for the Fight Against Organized Crime and Interpol (Dirección General de la Lucha contra el Crimen Organizado e Interpol). This body was given the dual tasks of fighting organized crime and coordinating with Interpol in doing so, adding to the new institutional framework for combatting organized crime created in 2008 (Uruguay 27).

Law 18.362 was passed in October 2008, creating criminal courts specialized in organized crime and a new directorate specifically geared towards preventing and investigating corruption: the Internal Affairs Directorate (Dirección de Asuntos Internos). This new institution was endowed with the resources and personnel necessary to investigate suspected corrupt acts committed by members of the Interior Ministry, as well as process allegations (Uruguay 21, 26).

Law 19.334 of 2015 created the national Attorney General's Office (Fiscalía General de la Nación), thereby giving greater autonomy to the public ministry and to prosecutors. To further combat corruption and crime, the law created positions for prosecutors focused specifically on the issue of organized crime (Uruguay 24).

WHAT ARE THE OPPORTUNITIES AND DEMANDS FROM EL SALVADOR, GUATEMALA AND HONDURAS FOR STRENGTHENED ANTICORRUPTION EFFORTS AND MECHANISMS THAT WOULD ENHANCE CITIZEN SECURITY EFFORTS IN THESE COUNTRIES? WHAT AREAS ARE BEST PREPARED FOR PROGRESS?

In preparing the terms of reference for the Diagnostic Reports, the USAID anti-corruption framework was cited including the previously mentioned syndromes defined in that framework:

- Type 1. Wealth pursues influence in public institutions
- Type 2. High-level figures collude to weaken political/economic competitors
- Type 3. Oligarchs contend in a setting of pervasive insecurity
- Type 4. A dominant inner circle acts with impunity

By uncovering a country's corruption syndrome, analysts can identify the underlying causes of corruption and, thereby, better understand how to minimize their effects.

The diagnostic reports either directly or indirectly refer to those syndromes and to the institutional constraints and weaknesses which make it difficult to address the cases of corruption, conflict of interest and fraud.

In all three countries, serious crime—including [homicide](#) and extortion—are linked to the presence of gangs, local and national organized crime organizations, and drug trafficking. Complicating efforts to strengthen institutions to address these threats, analysts in all three countries identified Types 1, 2 and 4 as being strongly present. All three countries rank among the highest in the region and the world with respect to homicides, despite recent declines. In all three countries the rankings by the World Bank and others of levels of control of corruption, rule of law, and effective governance remain among the lowest in the region.

Both from the assessment and diagnostic reports and the participants in the Santiago Conference, it is clear that participants from the three Northern Triangle Countries (NTCs) see South-South cooperation offering targeted anti-corruption benefits. In summary, we can say the following:

On political campaign and party financing, participants from all three countries agreed on the desirability of replicating the Chilean experience of prohibiting election financing by corporations and private entities and prohibiting the participation of state contractors and anonymous donors. Tentative steps to enforce similar but less comprehensive legal constraints on illicit financing have taken place in El Salvador and Guatemala, resulting in former party officials and government officials, including presidents, being charged with violations, with the key test coming in 2019 with presidential contests in both countries. The NTC participants also cited the Chilean system of registration, guidelines, and monitoring of electoral advertising. They noted the importance of promoting regulatory adjustments that guarantee the access of political parties to public financing in a timely manner so that all political organizations have equitable and timely access to resources. The Chilean experience offers many opportunities for exchange of best practice. For example, Chile has established guidelines for the price for radio, television, and press advertisements. Similarly, NTC participants concurred on the potential described by Chile, Colombia, and Uruguay to create parallel auditing and sanctioning—with tougher

penalties—by electoral tribunals and the entities in charge of investigating money laundering, illicit enrichment, and insider trading.

In the NTC countries, following recent indictments and convictions of high officials, the traditional elites who have benefited directly through the violation of electoral laws and norms have now seen a new possibility that they will be prosecuted. While they have been reacting to curtail the ability of civil society movements, attorneys general and courts to enforce those laws, they can no longer assume the impunity that they have had in the past.

On civil service reform, both in the diagnostic reports and at the Santiago Conference, representatives from all three Central American countries noted gaps in legislation dating to the 1960's, including recruitment and promotion processes guided more by politics and personal preference than merit, with limited checks on conflicts of interest and inadequate oversight.

Chilean, Colombian, and Uruguayan civil service norms, ethics standards, and effective oversight by specialized civil service commissions, controllers, and courts were cited as positive models. Of all the areas, civil service reform is the one where the broadest coalition of civil society and business could press political leaders for legislative action.

On fiscal management and tax evasion prevention, the three key examples from the South American countries that registered with their Northern Triangle colleagues were transparency in monitoring budget management, whistle-blower protections, and the strong, well-funded and heavily audited tax and customs authorities.

On public procurement and contracting, the online mechanisms developed and used in Chile, Colombia, and Uruguay offer advancements for Central America on how best to manage and monitor procurement bidding and contracts. They also asserted the positive potential of open data access, such as creation of a public registry of competent suppliers based on their past performance. Here again, the sense among interlocutors was that the Odebrecht scandals had opened this area for significant reform and the lessons from the south could be easily incorporated. Detailed analysis and detailed suggested recommendations in the diagnostics underscore their belief in the opportunities for reform.

Finally, **on impunity and citizen security,** the Santiago Conference participants focused on the advances made in Chile, Colombian, and Uruguay on strengthening police, prosecutorial and judicial institutions to hold accountable those violating the law—particularly in relation to corruption but also to crime. They noted the autonomy of those institutions, career paths available to employees, and lamented the absence in their countries of effective mechanisms to purge corrupt justice and security officials.

More specific examples of the needs in each of the countries and areas where they felt progress was possible are the following, although far greater detail, both respect to challenges and opportunities, are contained in the diagnostics.

CAMPAIGN AND POLITICAL PARTY FINANCE

El Salvador's system for financing political activity is deeply flawed. The government lacks an entity to audit and regulate the parties, as exists in other countries. Although the Supreme Electoral Tribunal (Tribunal Supremo Electoral; TSE) and the Court of Accounts (Corte de Cuentas de la República; CCR) both technically have jurisdiction over the auditing of political party finance, the diagnostic report reveals that neither has the necessary capacity, even if political will were sufficient to carry out this activity. Additional resources, particularly for the TSE, and perhaps new mechanisms, are necessary to carry out this monitoring and enforcement (El Salvador 7).

The structure of El Salvador's political parties also makes monitoring difficult. Many of them lack internal financial controls, do not comply with their obligation to register with the Financial Investigation Unit (Unidad de Investigación Financiera; UIF), and do not have 'know your donor' policies (El Salvador 16). All of these issues contribute to a general lack of control over the money that finances these parties' political activities.

A major reason for these failures, and another gap in El Salvador's policies, are inconsequential punishments for violating rules relating to campaign and political party financing. The fines for these infractions are low, and do not effectively serve as deterrents to illegal or unethical activity (El Salvador 10).

A significant barrier to transparency on this issue is that information on party funds is not freely available, and must be requested (El Salvador 12). El Salvador would surely benefit from instituting an open database, such as the one that exists in Chile, so that citizens are able to more easily access information on spending by political parties and candidates.

Another concern is that no limits exist on party expenditures and the limits on personal expenditures are too high. Additionally, the only prohibited sources of financing are foreign governments (El Salvador 11). These gaps in the regulatory framework create a situation in which criminal organizations and foreign entities can become involved in political campaigns, threatening the democratic system in its entirety.

In **Guatemala**, the illicit financing of parties and candidates was seen as a major concern by the International Commission Against Impunity in Guatemala (CICIG) in its report, which the Guatemala diagnostic quotes (Guatemala 4). The diagnostic reiterates that lack of access to media during campaigns leads to a situation in which candidates do not receive a fair distribution of air time. Monopoly ownership of four national networks and elimination of conflicts of interest needs to be addressed in order to end discriminatory rates for advertising and to ensure free and fair elections in Guatemala, according to CICIG. The election campaign of 2019 will be the first time the new Electoral and Political Party Law will take effect and the diagnostic urges oversight on its implementation (Guatemala 7).

Another problem Guatemala faces in the area of political party and campaign finance is that its Electoral Auditor and the Inspector General of the Supreme Electoral Tribunal (Tribunal Supremo Electoral; TSE) lack the resources to carry out their missions efficiently even if the political incentives to do so were present (Guatemala 13). Most importantly, the diagnostic argues that they lack sufficient independence, urging that the Uruguayan model of independence be pursued (Guatemala 7). As such, the public and government officials lack accurate information on political parties' spending, both on a national and regional level (Guatemala 16).

Another one of the TSE's deficiencies lies in the lack of communication and collaboration between the TSE, the Supreme Court, and Constitutional Court. This results in greater difficulties for the TSE in applying its disciplinary mechanisms to deter illegal campaign activity (Guatemala 17). For example, in Guatemala is that political parties do not comply with regulations on early campaigning (Guatemala 17). The lack of control of early campaigning also makes for an uneven playing field in many situations.

This uneven playing field is exacerbated by the lack of public financing of campaigns. The report indicates that this support is negligible, a situation that participants in the Santiago Conference indicated that they wanted to address by following Chile's model (Guatemala 14-15).

The challenges to Guatemala's efforts to regulate campaigns and political parties are made more difficult by the inability of citizens and civil society to monitor them. Citizens do not have access to reports on political party financing, as they do in countries like Chile, Colombia, Uruguay (Guatemala 17). In addition, institutional weaknesses mean that awareness and administration of the right to vote are restricted, further distorting opportunities for citizen participation (Guatemala 18).

In **Honduras**, cases of embezzlement, corruption, and political campaign finance by anonymous criminal organizations have demonstrated the need to combine and harmonize the different ongoing initiatives to monitor electoral processes, including the implementation of the Law of Clean Politics (Ley de Política Limpia) (Honduras 9-10). These cases have fed popular discontent, which has resulted in widespread protests (Honduras 9, 15). In order to address the demands of these protestors, the diagnostic report indicates that the government must promote and empower informal spaces for inclusive and representative dialogues and meetings (Honduras 18).

The diagnostic report also predicts that there will be problems with the Law of Clean Politics during the next election cycle (Honduras 18). The Honduran government must be prepared to deal with these issues as they come up and change the procedures in place or reform the law as necessary.

It will also be necessary to analyze the impact of the Clean Politics Auditing Unit (Unidad de Fiscalización de la Política Limpia) during the period following the 2019 elections through a social audit (Honduras 10). The law sets out clearer norms to which civil society can demand adherence in pursuing greater transparency and a more level electoral playing field. Progress in this area will depend on the further strengthening of civil society, international support, and a recognition by at least some parts of the power structure that future economic progress and political stability depend on actually implementing these reforms.

PUBLIC FISCAL MANAGEMENT AND TAX EVASION PREVENTION

El Salvador is in need of a universal fiscal administration system (El Salvador 34). To address this, it is necessary to formulate an administrative plan to increase public financial accountability, including in autonomous entities and public enterprises (El Salvador 39). El Salvador has struggled recently to form a fiscal consensus, as political polarization has made compromise difficult (El Salvador 23). This is further complicated by the fact that fiscal projections and macroeconomic estimations are often unrealistic (El Salvador 24). The combination of these two challenges lead to flaws in the design of the budget,

which result in flaws in its execution, as the large financial obligations make effective execution impossible (El Salvador 25).

Another area in which El Salvador needs to improve is managing fiscal risk. As of the completion of the Diagnostic Report, El Salvador lacked a risk management policy, and thus does not incorporate an evaluation of these risks in the formulation of the budget. This leaves the nation vulnerable to internal and external economic shocks, as there is no plan in place to adapt if they were to occur (El Salvador 24).

Lastly, while citizens do have access to information relating to the execution of the budget, they do not have opportunities to participate in its design (El Salvador 31).

In addition to El Salvador's challenges in spending money, it also has difficulty collecting taxes. One key issue outlined in the report is the limited effectiveness of the tax administration in managing taxes (El Salvador 28). A combination of structural flaws and insufficient resources means that the administration is not able to fulfill its role, further complicating El Salvador's efforts to fulfill its fiscal needs. The diagnostic details the kinds of reforms that a wide group of civil society has endorsed and notes the need for shifting from regressive to progressive fiscal policy, review and reduction of tax waivers, increase public spending and establish a government/academic/civil society/private sector council on fiscal policy to identify risks and make long term budget analyses (El Salvador 37–39).

In **Guatemala**, the continued weakness of the Tax Administration Superintendence (Superintendencia de Administración Tributaria; SAT) has resulted in one of most scandalous cases of corruption and tax fraud (La Linea) reaching into the presidential palace of former President Otto Perez Molina (Guatemala 21-22). Many of these issues relate to the leadership of the SAT itself, and one of the steps that Guatemala must take is a review of the SAT's personnel and recruitment processes alongside an investigation of the activity of its current leadership (Guatemala 36).

Additionally, Guatemala's financial institutions are not transparent. Very little information is made public, and as such civil society is unable to function as an independent auditing mechanism (Guatemala 36). Overall, little information is available concerning accountability and tax evasion, other than those revealed through the investigations of CICIG and the Ministerio Público and civil society organizations, such as Acción Ciudadana (Guatemala 36). For any reforms to be undertaken, the first step must be granting access to this information. The diagnostic identified a series of examples of fraud revealed also by the Central American Institute for Fiscal Studies (ICEFI), including under and over-estimation of the value of sales, purchases and imports producing significant tax evasion, and customs fraud. It also identified Chile, Colombia, and Uruguay having made significant advances according to the OECD in capturing diverted tax revenues (Guatemala 22–27).

In **Honduras**, flaws in the public administration law have created great obstacles to effective fiscal management (Honduras 36-37). Given the high levels of public debt, these problems highlight the need to professionalize and depoliticize public administration (Honduras 20-21, 44). This is especially important given that, while the budget has increased, conditions for many Hondurans have not improved (Honduras 43). The adoption of a model of budgetary design based on results would be an effective manner of preventing this in the future. This must include a revision of the tax burden, public spending focused on human capital and critical governance and poverty-related needs, and oversight control of public and private spending (Honduras 45–46).

Another issue is that, under current practices, government information is often classified and restricted from public circulation (Honduras 28). This prevents transparency and must be addressed through the implementation of a program of transparency in public management (Honduras 45)

PUBLIC PROCUREMENT AND CONTRACTING

In April 2000 **El Salvador** passed the Law of Acquisitions and Contracts of the Public Administration (Ley de Adquisiciones y Contrataciones de la Administración Pública; LACAP), which was intended to establish an organized and coherent system for public contracting and procurement (El Salvador 42). However, the law was heavily reformed in 2010 and the changes made the acquisition and contracting processes more discretionary and less competitive. Although these reforms did create mechanisms for greater transparency, they also opened opportunities for corruption (El Salvador 50). Further reform of the LACAP will be necessary, to correct the damage done and address other issues.

All information related to public procurement and contracting in El Salvador is supposed to be available in the COMPRASAL registry. In reality, this is not the case. As a result, the registry does not provide the transparency and equal access that was intended (El Salvador 51). This is especially challenging for small and medium-sized companies, which are further disadvantaged as they cannot participate in public contracts due to the rigidity of the requirements (El Salvador 51).

The diagnostic report for **Guatemala** identifies strengthening public institutions as one of the primary opportunities for the country to demonstrate integrity and increase citizen confidence in the government (Guatemala 29). However, serious gaps exist in Guatemala's policy and implementation framework that have prevented this from occurring.

Like El Salvador, Guatemala has a mechanism that contains information on procurement and contracting: Guatecompras. However, implementation of Guatecompras has been slow and lacks transparency. These hiccups have led to the existence of registries of providers parallel to those established by law that are not transparent (Guatemala 24). Guatemala needs support in the continued roll-out of this mechanism to ensure that it becomes a viable manner of presenting contracts for public bidding (Guatemala 27).

Another problem is that Guatemala's Comptroller General does not fulfill its duties and does not use the information it has available to carry out preventative audits. This allows corrupt activity to continue, to the detriment of the nation (Guatemala 25). Another gap in Guatemala's legal framework is that public acquisition processes in cases of emergency are unregulated (Guatemala 28)

One of the most serious impediments Guatemala faces in eliminating corruption and ensuring transparency in public procurement and contracting is the Law of Contracts (Ley de Contrataciones). The report argues that this law is beyond reform, with inadequate validation of registries of contractors, lack of entities able to provide adequate oversight or enforcement of provisions of the law and a process both slow, inefficient and complicated. It found a consensus exists among business associations, specialized civil society organizations and political leaders to replace the current law with one that establishes a national procurement system that is flexible and transparent, similar to the one in place in Chile and reflecting lessons learned as well in Uruguay and Colombia and incorporating OECD recommendations (Guatemala 25–29).

Honduras has faced many challenges in forming a public procurement and contracting framework based on transparency, equity, and efficiency. One of the major problems is that, like Guatemala, flaws in its Law of Contracting (Ley de Contratación) create loopholes that allow public servants to avoid complying with the transparency requirements established by law (Honduras 47, 56). Honduras also suffers from a similar problem to that of Guatemala and El Salvador in that there are significant weaknesses in the application of Honducompras, its online procurement portal, because institutions do not include all the information that they were supposed to make available (Honduras 54).

Honduras has also seen cases where companies with links to organized crime have been awarded infrastructure contracts, and public servants have colluded with companies to ensure that they receive important contracts (Honduras 55). The full panorama of the situation is one of corruption, opacity, and lack of control.

CIVIL SERVICE AND VERIFICATION MECHANISMS

Overall, **El Salvador's** civil service system does not meet international standards, nor does it comply with the spirit of the constitution (El Salvador 56). The laws concerning the nomination and management of high-level staff are deficient, the mechanism for declaring assets is not transparent and its implementation has been weak, and the mechanism for declaring financial interests is not regulated by legislation (El Salvador 61, 65-66, 67). A fundamental revision of the civil service system is necessary to address these issues, as well as a process to strengthen verification mechanisms and introduce higher standards in selection processes. Under the project, El Salvador received the cooperation of Chilean and Uruguayan civil experts to participate in conference and workshops managed by a 15-member civil society and business coalition focused on a new civil service reform law.

Guatemala's civil service system is obsolete and plagued by administrative disorganization (Guatemala 40). Nepotism and abuse of authority are common in the appointments of civil employees as there is no transparency in the selection and evaluation of candidates (Guatemala 43). In the case of the judiciary, in particular, there is no compliance with the established criteria for the election of members of the Judicial Career Council (Consejo de la Carrera Judicial) (Guatemala 48).

The governing authority of Guatemala's civil service is the National Civil Service Office (Oficina Nacional de Servicio Civil; ONSEC). This organization has very little autonomy and authority, is very ineffective, and lacks resources (Guatemala 41). Therefore, there is a serious demand for reforms that will strengthen the ONSEC and create a framework that depoliticizes and makes more transparent the entire civil service system (Guatemala 48).

Honduras' civil service lacks effective mechanisms to ensure fair competition for positions, and thus nepotism and nominations based on party affiliation are consistent challenges (Honduras 64). These practices lead to an ineffective, bloated bureaucracy, and further impede efforts to promote transparency and anti-corruption.

IMPUNITY AND CITIZEN SECURITY

El Salvador faces many institutional barriers to effectively combating corruption and ensuring citizen security. Where the greatest advances have been made in reducing homicides, as registered in the latest evaluations of Plan El Salvador Seguro, interlocutors expressed the need for sustained evaluation and

replicating the comprehensive violence prevention experience in other communities. The utility of targeting police and justice resources to high violence areas and in strengthening the community policing capacity was underscored.

Law enforcement is obviously vital in promoting citizen security. El Salvador's National Civil Police (PNC) is in dire need of reforms that will facilitate their ability to fulfill this mandate, from new regulations on admissions to the police academy to increasing the resources allotted to the police (El Salvador 84–85). Similarly, additional focus on strengthening internal inspector general capabilities, including more effective vetting, was suggested as a result of recent concerns about police and corruption.

A serious issue in El Salvador is that low confidence in public security institutions means citizens are unwilling to report crimes or act as witnesses. According to [Latinobarometro's 2018 report](#), only 22% of Salvadorans reported confidence in the police. Effective protection measures must be put in place to protect witnesses and facilitate reporting of crimes (El Salvador 85). These actions are part of the demands from civil society and increasingly are part of the current political campaigns.

The judicial institutions in El Salvador are also in need of reform, according to the diagnosis. A priority is strengthening institutional capacities for appointing, evaluating, sanctioning, and suspending corrupt judges (El Salvador 84). This would require revising current legislation and instituting new mechanisms for transparency in the judicial system, including an online portal for confidential citizen complaints. The Attorney General's Office also needs to be allotted greater resources, particularly specialized units dealing with corruption, so that it can better investigate criminal activity (El Salvador 85).

Related to these reforms of the judicial system, a policy change eliminating the statute of limitations for crimes of corruption and illegal enrichment would discourage these activities (El Salvador 85). This is an area where progress may be most possible, as it does not require additional resources or technical assistance.

One of the impediments is the lack of a centralized entity with resources and capacity to combat corruption and promote transparency within the government (El Salvador 79-80), such as JUTEP in Uruguay. Creating such an institution would strengthen public confidence and government integrity and aid in the coordination of efforts related to transparency, anticorruption, and impunity and thus impact citizen security, as well.

Like El Salvador, **Guatemala's** security and judicial institutions lack the resources necessary to effectively carry out their missions (Guatemala 51). Additionally, the opposition of significant economic and political sectors to strengthening the anti-corruption capacity of the Attorney General's office, the national police and the court system, particularly the constitutional court, remains a fundamental impediment to reform.

The recent attacks this year by the President on CICIG and its Commissioner, including the ordered withdrawal of his visa and the visas of many of the international investigators and prosecutors—disregarding the orders to the contrary of the Constitutional Court—have resulted in serious questions about whether recent reforms will be reversed. During the decade of CICIG's presence, in collaboration with a reformed Ministerio Público and strengthened mechanisms within the courts, Guatemala has seen a near 50% reduction in the [homicide rate and a four-time increase](#) in the rate of convictions. The recent measures to apparently [re-politicize](#) the police force have drawn sharp criticism by the United Nations, the OAS, and a host of domestic observers including former foreign ministers of the past three presidents.

Another serious issue in Guatemala is the lengthy judicial process (Guatemala 51). In order for Guatemala to more effectively control crime, the government must find ways to reduce the time it takes for cases to be processed, adjudicated, and resolved.

Just as the judicial system fails to efficiently manage the perpetrators of crime, many municipalities do not have services for victims of these crimes (Guatemala 51). Expanding victim services to all municipalities would be an important step towards addressing these gaps.

Another necessary change is the end of the policy of using the military to carry out civilian security tasks, which has become popular among many Guatemalan government officials (Guatemala 52, 65). Corruption is a serious issue within Guatemalan law enforcement and military. Instituting strong internal mechanisms to prevent and investigate cases of bribery of police and military officials and hold them accountable for their actions (Guatemala 53) is essential.

Finally, institutional weaknesses, frequent shifts in authorities, inter-agency disputes and woefully inadequate resources have limited the impact of Guatemala's National Violence Prevention Strategy (Guatemala 54). When linked to corruption within the security forces, the challenges are enormous. Guatemala faces serious challenges in preventing crime and violence. **Honduras** continues to receive extremely low ratings on control of corruption by the World Bank and others. However, actions by the Commission to purge corrupt police over the past two years is a step in the right direction, as is much of the recent work by the attorney general's office with the support of the OAS Mission Against Corruption in Honduras (MACCIH). The special unit within the public ministry has been particularly positive (UFECIC). The recent drop in the homicide rate is seen as reflecting some improvement in the functioning of police and prosecutorial agencies. The concern is whether the threats made in the congress to prosecutorial independence will slow the judicial process, making it expensive, time consuming, and thwart the resolution of cases (Honduras 69). Additionally, the Ley para la Clasificación de Documentos Públicos relacionados con la Seguridad y Defensa Nacional impedes transparency in the government, as it overly restricts the amount of information available to the public (Honduras 74-75). Finally, the current budget bill impedes ongoing and future investigations into corruption by parliamentarians, further blocking Honduras from achieving greater transparency and less impunity (Honduras 75).

HOW HAS IMPROVED ACCOUNTABILITY IN THESE COUNTRIES LED TO MORE SECURE ENVIRONMENTS AND, IF IT HAS, HOW COULD THIS EXPERIENCE IN PURSUING CORRUPTION AND SECURITY BE APPLIED TO NTC?

In Chile and Uruguay, the relative institutional strength in each of the governance issue areas studied is reflected in law, regulations and oversight mechanisms. The vibrant and independent civil society organizations and aggressive press reinforce that government effectiveness. The combined actions leading to greater government effectiveness and low levels of corruption appear to support public willingness to offer information and testimony to investigators and the courts, ultimately leading to greater citizen security. The impressively low homicide rates in those countries are seen, if not causally, as at least indirectly linked to overall government effectiveness. In Colombia, the combination of actions previously noted in strengthening the court, attorney general and police, along with the end to the conflict with the largest guerrilla group, have led to a two-thirds reduction of the national homicide rate. On the one hand, the disturbing news on the links between political figures and paramilitary undermined public confidence. On the other, the prosecution of several thousand of those responsible, including

elected officials and high-level military officers, underscore the rising capabilities of law enforcement, prosecutors, and judiciary.

Improved accountability results in a willingness to report crime and, more importantly, to report on the conditions that give rise to crime. The readiness and willingness to bear witness is critically important in the Northern Triangle. In the past, too many instances of threats against judges, prosecutors, and witnesses have been carried out. Only recently, as attorneys general in all three countries have received the support of both international and domestic leaders, is there a growing belief that the system will protect those witnesses and the officers of the courts who bring those cases forward. A great deal is different from the last century when there were “untouchables” in every country of the Northern Triangle. However, there is no assurance that the countries will be able to advance further toward more effective governance, transparency and accountability, given the power of those who oppose that progress. South-South cooperation from Chile, Colombia, and Uruguay, both from government experts and from civil society, can help their colleagues in the Northern Triangle stand firm against corruption and in the process, help achieve greater citizen security.

ANNEX A: SANTIAGO CONFERENCE PARTICIPANTS

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Jorge Abbot Charme	Attorney General	Chile
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Francisco Espinoza	Technician, Procurement Unit, Internal Tax Service	Chile
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Juan Carlos Manosalva	Tax Directorate, Ministry of Treasury	Chile
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NAME	POSITION	COUNTRY
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Manfredo Marroquin	President, Acción Ciudadana	Guatemala
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NAME	POSITION	COUNTRY
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