



CALUCO, EL SALVADOR

VULNERABILITIES TO CORRUPTION
ASSESSMENT REPORT

JANUARY 2018

I. INTRODUCTION

The International Republican Institute (IRI) is a non-profit, non-partisan organization headquartered in Washington, DC. IRI works with civil society and governmental partners throughout the world to strengthen democratic practices and empower democratic leaders. With support from the National Endowment for Democracy, IRI has created a Vulnerabilities to Corruption Approach (VCA) to assist local governments in identifying risks to corrupt practices as a first step for improving transparency and accountability at the municipal level.¹

El Salvador has made great democratic and economic progress since the end of its civil war in 1992. However, corruption continues to be a serious challenge that along with gang violence weakens the rule of law and acts as a push factor of migration from the country. Building on IRI's longstanding work supporting municipal development in El Salvador, the Institute is partnering with selected Salvadorian municipalities to help them identify and address corruption vulnerabilities.

Caluco is a small municipality in the Sonsonate Department, approximately 50 kilometers west of El Salvador's capital, San Salvador, and has a population of around 10,000.² Most of Caluco's inhabitants (over 80 percent) live in the rural districts of the municipality, which is divided in eight *cantones*, 32 *caseríos*, one *barrio* and eight *colonias*.³ The main economic sectors in Caluco is agriculture, farming, and tourism attracted by *turicentro*, recreational area. Despite these sources of income, the municipal government still receives most of its funding from the central government.

II. METHODOLOGY

This assessment represents the results of a four-day site visit to Caluco, El Salvador, in December 2017. The assessment team had three members from IRI's Latin American and Governance division staff, respectively based in San Salvador and DC. The assessment comprised of 23 interviews with representatives of the local government, city councilors, municipal employees, and Caluco-based civil society organizations (CSO) and businesses. All interviews were individual and conducted in Spanish. Seven (7) out of 23 interviewees were women. The interview protocol used for this assessment is based on a similar methodology successfully utilized by IRI in Mongolia, Indonesia, Ukraine, Cambodia and Tunisia.

During the exploratory phase of this program, IRI in partnership with local authorities determined the scope of this assessment. Prior to this on-site assessment, IRI conducted a political economy analysis of Caluco to identify windows of opportunity as well as the potential bottlenecks for reform. The interviewees identified additional corruption-related challenges which are reflected and reported in this document. This report is structured around the two major identified weaknesses: the public procurement process and the existing mechanisms for promoting transparency and accountability.

III. PROGRAMMATIC CONTEXT

¹ The VCA is a methodology that IRI created that bolsters anti-corruption efforts by partnering with local stakeholders through a steering committee comprised of representatives of both government and civil society. The VCA identifies corruption-related risks and gaps in government processes and supports government responses to these issues. It comprises four steps: explore, assess, enact and showcase. This report represents the outcome of the assessment step.

² According the 2007 census, the population is 9,139.

³ *Cantones* and *caseríos* are terms used to refer to rural districts, whereas a *barrio* describes the oldest part of town and *colonias* refer to newer urban agglomerations.

IRI has conducted governance-related programming in El Salvador since 2008. Projects in the country have sought to apply governance best practices to respond to immediate community needs, and to support relevant national initiatives. Over the past two years, IRI's programs in El Salvador have focused on crime and violence prevention. Prior to citizen security, IRI worked closely with municipalities in El Salvador to strengthen their capacity to perform effective and transparent governance. Past projects featured opportunities for mayors and other municipal staff to share best practices through domestic and international exchanges and provided specific technical assistance for a variety of governance functions such as public rendering of accounts. Some political leaders and civil servants in Caluco were partners of IRI through these projects and have participated in IRI programming on citizen security and economic development.

IV. FINDINGS AND RECOMMENDATIONS

Public procurement processes follow rules and regulations, but compliance and transparency issues persist

Problem Statement

El Salvador has made progress in modernizing its public procurement framework. The *Unidad de Adquisiciones y Contrataciones (UACI)*, Units for Procurement and Contracting, were locally established to manage all municipal procurement processes. The UACIs are in accordance with the Law on Public Administration Procurement and Contracting (LACAP), approved in 2002, which also created the Public Administration Procurement and Contracting System (SIAC.) The SIAC has been considered as one of the most important public-sector reforms carried out in El Salvador and the UACIs have been credited for significantly improving contract and payment administration.⁴ In the case of Caluco, the system is working reasonably well overall, however, some compliance and transparency issues persist.

Key Strengths

- 1. Overall, the public procurement process works satisfactorily.** Key informants interviewed by IRI including government officials, municipal workers, opposition leaders, civil society and the private sector agreed that there are no major problems with the way goods and services are procured in the municipality. Many of them indicated that Caluco residents are also satisfied- however, IRI did not survey regular citizens and there is no polling data available. Some anecdotal evidence provided by some interviewees seem to support the claim that the system is working well. The municipal government has done a good job at attracting cooperation projects from international donors. According to the UACI team, the municipality has also experienced less observation visits by the Salvadorian supreme audit institution (*Corte de Cuentas*). According to the representatives of the socio-economic development community organizations (ADESCOS) and the private sector, the mayor and her team appeared to be responsive to the community as well as bidders regarding the public procurement process.

⁴ The World Bank, Inter-American Development Bank (2006): [Republic of El Salvador Country Procurement Assessment Report](#)

Key Vulnerabilities

- 1. Low-quality risk management practices.** Despite general and satisfactory compliance with the Salvadorian national framework for public procurement, there are shortcomings with respect to risk management that need to be addressed in Caluco. The greatest risk is the integrity of procurement documentation. UACI officials work in a small space and do not have the appropriate storage infrastructure to ensure that important documents, such as invoices, are secured at all times. As one informant reported: “I can’t lock my drawers, anything could happen!” In addition, there is no systematic use of risk matrices, sometimes leading to “observations” by the *Corte de Cuentas*.⁵
- 2. Inadequate expertise.** Procuring goods and services, especially for infrastructure projects, requires a specific and technical skill-set as well as appropriate professional background. Because the municipality lacks such expertise, some of the key informants emphasized the need for inclusion of an architect or an engineer. This lack of technical expertise is aggravated by a relatively high turnover for certain positions and the inexistence of personnel back-ups. Although the national government offers training opportunities, often it is the case that only one person ends up having the necessary knowledge. Finally, according to key informants, in case of bad job performance, employees trade positions instead of being dismissed.
- 3. Information asymmetries among different members of municipal council.** There are information asymmetries that might affect the integrity of the procurement processes. Members of the municipal council, responsible for approving and awarding contracts, often complained about not having all the information they need to make a decision. Sometimes, the different units do not speak to each other or are not aware of critical information. Many citizens are not familiar with the reason behind certain costs and thus are likely to be critical or skeptical. Many people do not know the details of the public procurement process and the language is too technical for the average citizen. In addition, some government officials might interpret questioning or opposition from municipal staff as a personal attack. Asymmetries in the level of information and capacity has hampered the credibility of the process and has created potentially unnecessary delays and political quarrels.

Recommendations

- 1. Develop and adopt risk matrices.** While it seems that risk matrices have been used in the past, there is currently no framework to develop and use them. The UACI should develop risk matrices models in partnership with other relevant units, including the municipal Treasury department. These matrices should be included in the requirements imposed by the LACAP and the SIAC and should aim to reduce the vulnerabilities of the procurement process. Risk matrices could be a tool for effective program management, increasing transparency and reducing the potential tampering of relevant documentation. Ultimately, risk matrices could contribute to the reduction of observations by the *Corte de Cuentas*.
- 2. Continue investing in capacity building of municipal employees.** In addition to continuing to take advantage of the training opportunities provided by the central government, the municipal team should promote internal peer-to-peer exchanges and the creation of knowledge repositories such as process manuals, guidance notes and infographics. In the medium term, each key position should have a back-up and back-stop as it would reduce of opportunities for errors and/or exploiting the

⁵ The *Corte de Cuentas* is El Salvador’s supreme audit institution, which is responsible for ensuring transparency in public management. The Corte controls the expenditure of public moneys at all levels for government, and issues observations when irregularities are found.

system. To expand the existing knowledge base in a cost-efficient manner, the municipality should also consider reaching out to external experts that can provide training as volunteers.

3. **Render information on procurement processes public.** The municipality should renovate efforts to open data at all stages of public procurement, increasing transparency and serving as a disincentive for corruption. For example, the political opposition ought to be involved from the onset and not only during approval processes. This could have several potential benefits. First, the opposition's feedback might be a constructive contribution to the procurement of goods and services, then, open communication might mitigate a tense and conflict-prone atmosphere and, as a result, the approval process might become faster. In addition, a more transparent approach to procurement could help improve internal communications inside the municipal administration. As a result, functions between the branches of the administration might have a better understanding of their respective functions, decreasing internal frustration and bureaucratic redundancy.

Transparency and accountability mechanisms are not adapted to the needs of a largely undereducated and rural population

Problem Statement

There are numerous transparency and accountability mechanisms currently in use in Caluco that are showing relative success. The municipal government is also fully compliant with the national Access to Public Information Law (LAIP). Yet, with a population that is mostly undereducated and lives in rural areas, these tools are insufficient to ensure that people have the information and resources they need to hold government accountable and monitor key process that could be subject to corrupt practices.

Key Strengths

1. **Established use of transparency and accountability mechanisms.** The municipality of Caluco already utilizes a wide array of tools to share information and seek feedback from citizens, including both traditional and digital media. The main channel for communicating directly with locals is through the public rendering of accounts. In this occasions, the mayor's team provides details on the expenditures such as where and on what municipal resources are being spent. This happens on a biannual basis. However, the municipality also has a bulletin board, complaints mailbox, a municipal website, active accounts on both Facebook and Twitter, allowing citizens to monitor the progress of municipal projects and access other relevant information such as business hours and municipal ordinances. *Cantones* have participatory plans that they developed through the legally-registered ADESCOS and elect their representatives before the mayor. Furthermore, the sessions of the municipal council are broadcasted on the local radio, and the city conducts audits once a year.

Key Vulnerabilities

1. **Format and language barriers.** Despite great efforts by the municipality of Caluco, there are still barriers that prevent average citizens to fully take advantage of the information at their disposal and hold the government accountable. Given the technical jargon used to present the municipal budget, some people have difficulty to understand the information that is being presented to them. It is also difficult for citizens to fully understand certain topics such as public debt. Even though the mayor's team makes an effort to use language that is easily understood, according to some

informants, the data uploaded on the website is not presented in a way that would citizen understanding. In addition, the website features copies of tables and legal documents without any complementary explanation or additional information. More importantly, many citizens do not have internet access, thus requiring the documentation to be available offline, in paper form, and still retrievable through different means.

2. **Limited citizen engagement.** Despite the government's efforts to reach out to all citizens, Caluco residents appear to show low rates of participation. The youth is particularly unlikely to participate and utilize mechanisms that could hold the government accountable. Citizens seem apathetic even to elections, notably younger voters. Additionally, the unit dealing with requests to access to public information receives very few requests, even though and the national law grants citizens the right to access official data. According to some informants, "only the opposition requests information."
3. **Opacity of certain government processes.** Caluco should be commended for complying with LACAP and making efforts to make official information public. However, some key informants noted the existence of complaints regarding the municipal government not providing key information about government employees to opposition councilors. The results of the internal audit reports are not public either, unless someone files a request.

Recommendations

1. **Adapt and institutionalize current transparency and accountability mechanisms.** To maximize their impact, some of the current initiatives to promote transparency and accountability should be adapted and institutionalized. For example, the public rendering of accounts could include national institutions and non-government actors such as the NGOs currently working and providing services in the municipality, allowing citizens to have a general view of the initiatives and investments taking place where they live. They should also follow a schedule determined at the beginning of the year and make their results available on the city's website. Other initiatives that take place in ad hoc manner, such as social audits (*contraloría ciudadana*), should also be a requirement for every investment project.
2. **Encourage youth participation.** Additional efforts to engage youth are sorely needed. It is easier to motivate young people through initiatives organized by the local government or other institutions than expect organic youth mobilization. A municipal youth engagement policy could also be an option and the local youth could be directly involved in the drafting of such policy. The preparation of the next Strategic Participatory Plan offers an opportunity to involve the youth of Caluco directly in community-related affairs. Engaging youth in decision-making processes could help them start developing technical and leadership skills that are highly valued in the current job-market.
3. **Proactively make all relevant information open to the public.** Being pro-active about transparency is the most effective way to facilitate citizens' access to relevant information, especially methods of sharing are sensitive and relevant to the local context. In Caluco, since the traditional media does not report on transparency and accountability issues and most people live in rural areas, there is a need to be creative and to find new ways of sharing information that are more effective at empowering citizens. For example, the production of theater plays has been used in other scenarios to increase citizens' involvement and participation. In general, all official information should be public, including the salaries of municipal officials and employees.