



NAHUIZALCO, 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 for 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.

Nahuizalco has achieved broad development and improvements in areas such as economic opportunity and citizen security. While still having moderate levels of crime and violence, these improvements allowed Nahuizalco to become a tourist destination in El Salvador thanks to its vibrant night market and well-known wood products. As the maintenance of public spaces became crucial to ensure Nahuizalco's continued role as an attractive touristic destination, citizens began to inquire the government about spending priorities. There are two considerations relevant to this VCA assessment as they affect citizen access to information. First, Nahuizalco is one of the only municipalities with a sizable indigenous population whose mother tongue is not Spanish. Second, there is a general concern about the level of literacy in the community.

II. METHODOLOGY

The VCA assessment in Nahuizalco was conducted by three IRI staff, representing the Washington, DC, El Salvador and Guatemala offices on a four-day site visit to the municipality, December 11-14, 2017. The team used a qualitative methodological approach that takes into consideration stakeholders' perceptions to assess vulnerabilities to corruption within government processes and practices. In total, the team conducted semi-structured interviews with 14 individuals (7 women). Before each interview, a team member did an introduction of the project that clarified what kind of information was sought, the origin of the IRI team, the purpose of the evaluation and the benefits that the final report would bring to the municipality. The mayor, her team, and the local *Unidad de Adquisiciones y Contrataciones (UACI)*, or public procurement office, helped IRI identify and contact the informants.

The number and type of interviewees selected was intended to represent broadly civil society, elected officials, municipal staff and community leaders. All the interviews and the transcriptions of the conversations were performed in Spanish. The methodology for this assessment was based on similar VCA programs conducted in Mongolia, Ukraine, Indonesia, Cambodia and Tunisia.

During the exploratory phase of the VCA process, IRI determined the scope of this assessment in partnership with local authorities. In addition, IRI had already conducted a political economy analysis of

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.

Nahuizalco to identify windows of opportunity and potential bottlenecks to reform. Most interviewees then identified some additional transparency-related challenges which are reflected in this document. The report is structured around two needs: the need for increased opportunities for the capacity-building of civil servants and for public engagement on transparency issues.

III. PROGRAMMATIC CONTEXT

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. IRI most recently worked with the municipality of Nahuizalco in the *Juntos Prevenimos* project (2016-2017), in which IRI supported the development a municipal security plan and supported the development of effective communication with municipalities' national-level counterparts. Nahuizalco partnered with IRI on several of these projects.

IV. FINDINGS AND RECOMMENDATIONS

Municipal staff adhere to procurement processes, but there are gaps in understanding flow of approval

Problem Statement

The government of El Salvador, in its endeavor to strengthen the processes for public procurement, established the UACI. Municipal staff interviewed all recognized the UACI as the institution primarily in charge of public procurement and had basic knowledge of the processes overseen by the UACI. These processes include knowledge of requirements such as major purchase thresholds and the need for approval by various municipal offices. However, there still is a modest amount of confusion about the actual process of government procurement at the local level, which creates a vulnerability to corruption or human error.

Findings: Key Strengths

1. **Overall, public procurement procedures in Nahuizalco are followed closely.** There is general adherence to procurement regulations by municipal staff, who also demonstrated awareness of the need for regulation, transparency, and accountability around public procurement. In addition to procedures being followed, municipal staff deemed the offices responsible for procurement and compliance as capable of performing their duties and described a high degree of trust in the office of UACI. The municipal staff interviewed for this assessment also demonstrated willingness to increase efforts to remain compliant.

2. **Municipal leadership is committed to following procurement and contracting regulations.** During interviews, municipal staff provided examples of memos that have been released by the mayor to reiterate the role of UACI and the need to follow all related procedures.

Findings: Key Vulnerabilities

1. **The flow of procurement approvals in Nahuizalco is still unclear to municipal employees.** Municipal staff did not possess a consistent understanding of the required steps for approval of public procurements. While it did not appear that purchases ever proceeded without oversight, confusion about the required steps appeared to lead to unnecessary bureaucracy and slow-downs. When asked about the procurement process, municipal staff members reported an inconsistent understanding of the hierarchy of necessary approvers and also suggested that the process would benefit from shorter procedures.

Recommendations

1. **A clear approval hierarchy is needed to improve transparency and reduce systematic vulnerabilities to corruption.** The lack of clarity around the approval process has not led to known negative consequences in Nahuizalco, but it has the potential to create a system in which individuals attempt to bypass procurement bureaucracy. Therefore, the municipality should develop a procurement handbook which would help resolve inconsistent understanding of public procurement processes. This resource would ensure that all staff have easy access to relevant policies and procedures, while also promoting continuity in the event of political transition.
2. **Revise rules and regulations for public procurements.** Much of the staff confusion on procurement and contracting processes is related to the redundancy of some bureaucratic steps, such as the need for approval from the mayor at multiple points in the process. To mitigate this, the process should be examined to identify specific redundant rules and regulations, evaluating whether there is the need for a re-engineering of the procurement process. Such a revision would reduce the burden on municipal staff and increase their willingness to comply with the process rather than skip steps.

The municipality must provide more opportunities for citizen oversight and accountability

Problem Statement

Since 2011, El Salvador has had legislation in place regarding citizen rights for access to information, most notably through the *Ley de Acceso de la Información Pública* or public information access law. Per this legislation, government offices mandated procedures that increase the transparency of their operations. Despite this, public communication of procurement expenditures was often delegated to the assessment team as a secondary concern. There is still substantial opportunity for more proactively sharing information about procurement activity at the local level, including in Nahuizalco.

Findings: Key Strengths

- 1. Community-based organizations are strong and active in Nahuizalco.** Interviews conducted in Nahuizalco exposed a strong network of *Asociaciones de Desarrollo Comunitario* (ADESCO), or community development associations. All the interviewed ADESCO representatives mentioned that they participate in town halls where there is a focus on discussing public procurement decisions.

Findings: Key Vulnerabilities

- 1. The municipality lacks clear avenues for inclusive and effective citizen outreach.** The structure for citizen-government communications in Nahuizalco is fragmented. While there is a community radio station, citizens communicate about municipal topics primarily over mobile messaging—using primarily WhatsApp. Access to these channels is hindered for community members who have barriers such as illiteracy, no access to a smartphone, or the required skills to use one meaningfully. An additional barrier to access to the WhatsApp group is that individuals must be added in. This means that individuals must identify and find someone already included to be added in the conversation. The interviewed municipal staff reported that in general, only citizens who would be otherwise already engaged are informed about public procurement and contracting processes. Furthermore, it was reported that low citizen awareness about the procurement process contributes to perceptions of government corruptness.
- 2. Overreliance on ADESCO is not a sustainable solution to providing transparency and accountability mechanisms.** ADESCO meetings are relied on as the sole mechanism for outreach to communities. The frequency of these meetings varied from once a year to every three months. This inconsistency could create a situation where ADESCOs without individually-motivated leaders do not have meetings. This could result in sectors of the community not having the opportunity to contribute to government accountability in the same manner as others, thus limiting the role of citizen feedback and oversight for keeping government procurement transparent and fair. Additionally, the supporting information for community meetings that was shown to the assessment team was raw data that was not completely understood by the ADESCO head and would likely also be challenging to convey to citizens.

Recommendations

- 1. Proactively communicate with citizens about procurement and budgetary decisions.** While Nahuizalco has an administrative secretary, who is charged with responding to citizen requests for information, the municipality would benefit from a strategy for proactive outreach. To do so, the municipality should initiate a dialogue with the citizens in order to develop a plan for coordinated transparency outreach.
- 2. Equip ADESCO leaders with relevant information on processes, updates and regulations.** To further improve the ADESCO meetings, the municipality should provide ADESCO's leaders with structural guidance and more robust information to share with citizens. Information in the form of accessible data and contextual information would aid in the effective communication of procurement developments to citizens. These might include clear data visualizations or accompanying narrative to better describe the data.

- 3. Provide greater opportunities for the public to engage in oversight, thus increasing accountability.** The municipality should expand the number and frequency of its interactions with citizens. This could be in the form of central town halls, as well as through an increased frequency of ADESCO meetings. Advertisements for these events should be posted publicly in both Spanish and indigenous languages, to ensure a broad representation of Nahuizalco residents, as well as transmitted over the radio or on television.

Project verification remains a challenge for the municipality

Problem Statement

The law on acquisition and contracting within the public administration mandates the verification of contract completion by a contract administrator within the government. The law dictates that the role of contract administrator should be identified by the unit requesting the solicitation. In Nahuizalco, there is a frequent challenge of not having adequate technical knowledge amongst municipal staff to be able to assess the quality of contract completion. Without internal capacity to verify many types of projects, and without the ability to pay an external expert, there is a reasonable risk of projects being under-delivered either intentionally or not.

Findings: Key Strengths

- 1. Key stakeholders are aware of the challenges related to contract verification and are searching for feasible and sustainable solutions.** In several of the interviews, procurement stakeholders reported that some aspects of the verifying process were preventing the law from being fulfilled as effectively as possible. These informants suggested solutions such as revising the current law to allow for the possibility of paying an outside expert for carrying out the contract verification, which is not currently permitted.

Findings: Key Vulnerabilities

- 1. Municipal staff do not often have the technical skills to complete all aspects of the verification process for public purchases and contracting processes.** As reported by interviewees directly involved in municipal procurement, staff frequently do not possess the technical skills to verify the completion of projects to the contractual specifications. In many instances, interviewees shared that the municipality is generally unable to locate qualified experts who are willing to complete the verification without compensation. With no helps from outside experts, the municipal staff perform the duties to the best of their ability, though they recognize a lack of technical skills for verifying the actual quality of contract completion.

Recommendations

- 1. Provide resources to facilitate contract verification by municipal staff.** To standardize project verification processes, checklists should be developed and utilized for similar project types as possible. A catalogue of past project details could help in the verification of similar projects. Such resources would allow contract administrators to conduct verifications with standardized

protocols and technical reference materials. This would mitigate against the risk of inadequate contract completion.