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Presentation by the Development Bank of Latin America

Institutional offering for implementation
of the Lima Commitment

(By Víctor Rico, Secretary General)

* For the CAF, Development Bank of Latin America, as a member of the JSWG, it is an honor to contribute to the work done by Peru in its capacity as Chair of the Summits process, with the support of the OAS Summits Secretariat in the monitoring and implementation of the Lima Commitment.
* The content of the Lima Commitment "Democratic Governance against Corruption" is of vital importance for a region that has unanimously decided to face this problem that transects the borders of States and requires collective and concerted actions.
* As for the CAF, as a member of the JSWG, we worked with both Peru and the Summits Secretariat in the preparations for the last Summit of the Americas. In that sense, the workshop we jointly organized on "Prevention of Corruption in Infrastructure Projects" last February fed the discussions that led the countries to adopt the measures that are part of the Lima Commitment.
* Continuing that effort, we are pleased to announce today that we have allocated non-refundable technical cooperation resources to support the efforts of the OAS Summits Secretariat in “laying the foundations for strengthening the JSWG." The cornerstone of this activity will be the signing of this afternoon's Memorandum of Understanding. This activity is part of what is recommended by mandate 56 of the Lima Commitment.
* Public and private investment in infrastructure projects is vital for the economic and productive development of the countries of Latin America and the Caribbean. However, corruption directly affects the results and the impact of such projects, and can even paralyze investments.
* We are beginning to see signs of economic reactivation in the Hemisphere. In this context, today more than ever, the region needs to continue to attract investment, and in order to do so, an agenda must be promoted that allows us, alongside all actors, to combat and prevent the phenomenon of corruption.
* To support the efforts of our member countries in that regard and in keeping with the provisions contained in the Lima Commitment, I am pleased to mention the main initiatives that the CAF is promoting:
* In the first place, as the primary source of multilateral infrastructure financing in Latin America, we are aware that we have an important role to play in preventing corruption in the sector, and that is why we are in the process of strengthening our risk assessment mechanisms to help countries formulate quality projects and establish virtuous public-private partnerships. This internal process is clearly aligned with what is stipulated in Mandates 30, 31, and 52 of the Lima Commitment. As proof of that, the CAF has just created the Office of Vice-president of Risks, which will play an important role in this regard. It is also considerably strengthening its Department of Institutional Development, which will play a key role in the fulfillment of mandates 11 and 50, in support of public management modernization in its shareholder countries.
* Secondly, we are moving forward with a knowledge agenda on issues of state capabilities and state efficiency that began with the 2015 Economy and Development Report (RED). From the point of view of a development bank like ours, we believe that corruption is a manifestation of low state capabilities, which hinders economic development and can jeopardize democratic governance. Therefore, within the framework of this agenda, the 2019 Economy and Development Report will address the issue of corruption, with an emphasis on the design of preventive practices and policies. It will be an important public-policy design tool that the CAF will make available to governments, international institutions, and civil society organizations in the Hemisphere.
* The 2019 Economy and Development Report will focus on the question of how to maximize the effectiveness of investment in anti-corruption policies. The first chapter is devoted to the extrinsic incentives that officials receive and has the objective of recommending policies that reward integrity and reduce income extraction opportunities. The next chapter discusses government monitoring entities, with a view to indicating which arrangements enable them to be more effective. Next, the report focuses on mechanisms for selecting officials and politicians (elections). The analysis will be complemented with a final section that, adopting a more holistic perspective of the State, emphasizes how to mitigate the risk of systemic state capture. Our RED 2019 will be a key input to advance mandates 31, 51, and 52 of the Lima Commitment.
* It should be noted that, in addition to specialized literature, an important input for this report will be the results of the 2018 CAF Survey, which will be carried out this year in households in 10 cities in the Hemisphere and will include a module with questions about experiences, perceptions, and attitudes towards corruption. This survey will be very useful for countries intent on taking steps to implement what is stipulated in paragraph 11 of the Lima Commitment.
* Third, we are working with the Chilean NGO *Espacio Público* in a Program to Improve Governance in the Provision of Public Infrastructure in Latin America, which will last two years. In the initial phase of this project, which began weeks after the adoption of the Lima Commitment, we are systematizing the governance aspects of public infrastructure (project evaluation, bidding and contracting processes, design, inspection, and renegotiation of contracts) in a cross-section of countries in the region. In that sense, we wish the results of this research to be available to the members of the SIRG and the JSWG specifically for the purpose of implementing mandate 30 of the Lima Commitment.
* Fourth, and in accordance with mandates 11, 30, 51, and 52, we are determined to support our States in strengthening the capacities of our public officials, since officials are at the forefront of public policy implementation and their training has a significant impact on issues such as the prevention of corruption. In this sense, the CAF is promoting an agenda focused on training for officials and on citizen engagement. We started 2018 with 10 courses; by 2019 we will have a catalog of 22 MOOCS – massive online open courses – on a variety of topics, including "impact assessment" and “PPP contract management." In addition, next year we will begin offering a dozen specific courses for the region’s countries and, in partnership with academic institutions, we will focus on curricular strengthening and coverage of undergraduate and master's programs aimed at professional enhancement of civil servants.

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* Through this multidimensional effort, which impacts aspects of prevention, research, training, and interagency coordination, the CAF hopes to contribute significantly to the efforts of the States participating in the Summits process to achieve the ambitious objectives outlined in the Lima Commitment.