

## NATIONAL INTEGRITY PLAN of BOLIVIA

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## **I. Introduction**

In 1999 Bolivia completes 17 years of continuous democratic life and 13 years since a development model based on a market economy was introduced. During this time, important structural reforms have been implemented in the country and these have substantially modified its economic, political and institutional foundations.

The country is now facing the challenge of consolidating its modernisation processes to address development tasks in the next century, enabling it to find effective ways to combat poverty, the main structural problem affecting the population.

To achieve this objective, there is a need to link up and complement the efforts undertaken so far through policies and programs in the economic, social and institutional spheres, in such a way as to contribute from each of these areas to the common objective of building 21st century Bolivia.

The government's five-year Plan of Action concentrates essentially on introducing policies designed on the basis of four fundamental pillars: Opportunity, which seeks to develop the country's economic base to provide the population with more employment and increased income; Equity, which proposes to combat poverty by ensuring that basic services are provided effectively to the public; Institutionality, which aims to lay the foundations for sustainability in the country's institutions and improve the administration of justice; and Dignity, which proposes to eradicate drug trafficking.

This is the context in which institutional development policies are framed. Their main objective is to consolidate the democratic system as the best form of social coexistence, in such a way as to ensure that citizens' individual and collective rights are respected and place the State at their service with the aim of achieving greater well-being for all.

This is why the administration of the State constitutes one of the fundamental elements promoting the strengthening of the democratic system. Therefore, institutions need to be established on the basis of norms, systems and conduct that will ensure the efficient and transparent functioning of the State at the service of the population.

The country has already made significant efforts to consolidate an institutionalisation process. However, structural weaknesses still persist in the State and these could place the stability of the democratic system at risk.

The Bolivian population does not fully perceive the efforts that have been made. On the contrary, people distrust the political system and the institutions formally established to represent their interests, because they find that these do not fulfil their social mandate and abuse the exercise of power, giving rise to acts of corruption and impunity which tend to increase the level of distrust. The fact that people

do not perceive the benefits of the economic model or the possibilities offered by democracy to exercise more effective control over public administration's activities, and thereby make cases of corruption more evident, has contributed to the increase in the political system's lack of credibility in society.

The independence of the judicial system to ensure full enforcement of the state of law, the efficient administration of the public institutions that should provide services to citizens, and the transparent and honest management of public assets are indispensable conditions for developing the country's institutional foundations and restoring the public's confidence in the democratic system.

The National Integrity Plan (NIP), the main component of the Institutionality Pillar, was conceived as Bolivia's strategy for institutional development and the fight against corruption. It was designed to be the mechanism through which short- and long-term structural measures can be put in place to address the country's need for institutionalisation.

More than one government term will be required to implement the Plan. It also demands commitment, not merely from all the political sectors and the powers of State, but also from civil society to participate actively. It should therefore be enshrined as a State policy aimed at achieving one of society's common objectives.

## **II. Background**

### **A. Institutional Evolution**

Since the restoration of democracy in 1982 and the structural adjustment process that began in 1985, the Bolivian State has taken forward a process of institutionalisation and organisation. This has enabled it to become more effective in addressing the tasks assigned to it by its new role in the economic and social development model the country has adopted.

This process involves strengthening the State's democratic institutions, establishing a modern body of laws and creating mechanisms to enable the State and civil society to become more closely linked. Over the last 16 years significant progress has been made in these areas.

The changes that have taken place in the structure of the economy were part of the transition from a State-controlled development model to a more open market economy system with widespread participation by the private sector. This brought about a significant reduction in the concurrent practices of corruption and favouritism typical of the State monopoly model and gave rise to a new style of public management characterised by its service vocation to benefit the whole of society.

The need to have stronger institutions in order to consolidate the democratic process encouraged the

political sectors to adopt important agreements aimed at reinforcing institutions and/or promoting institutionalisation processes. Among the main results achieved in this area, the following can be highlighted:

- a) The establishment of an impartial and independent National Electoral Court, whose members are agreed upon by the political parties, strictly applying the constitutional procedures established for this purpose. This agreement restored the credibility of the electoral process, an essential aspect in the country's institutional life. To date, the Electoral Court that was appointed in 1992 has taken forward two general elections and two municipal elections at the national level, guaranteeing the basic principles of independence and transparency in the administration of these fundamental processes.
- b) The enactment of the Government Administration and Control Law, known as the SAFCO Law, in 1990, likewise represented an important advance in the modernisation of public administration. This law set up modern administration and control systems based on the principle of accountability in the civil service. The application of this law reinforced the institutionalisation of the Comptroller General's Office as an independent body with technical and operational autonomy in the control it exercises over the government. The second Comptroller General to be nominated and elected for a ten-year period in accordance with the Constitution has been in office since 1992.
- c) Constitutional reform came about as the result of a political consensus-seeking process, which led to the enactment of a Reform Requirement Law in 1993. Amendments were debated and approved during the next parliamentary session, following the legislative
- d) The enactment of the Bolivian Central Bank Law and the election of its board members modified the traditional way of appointing Central Bank authorities. The custom had previously been for the executive branch of the government in office at the time to make such appointments, and this made it impossible for the Bank to function effectively and independently in its management of the country's monetary policy. In 1996, highly qualified professionals were elected by consensus by Congress to occupy the posts of Central Bank President and board members.
- e) The Administrative Decentralisation and Popular Participation Laws were enacted in 1993, and are considered to be the most aggressive State modernisation and reform processes in the region. They compelled the State to delegate the administration of public resources to regional and local governments. These levels are now responsible for using such resources to fulfil different obligations linked to the provision of infrastructure and basic services. Likewise, mechanisms were put in place for society to participate in the tasks of planning, monitoring and exercising control over public administration.

- f) Judicial Reform led to the establishment of independent judicial bodies: the Judicial Council and the Constitutional Tribunal. The People's Defender's Office was also created for citizens to appeal to and receive protection. The laws regulating the functioning of these three bodies have now been approved and their members have been appointed by consensus following a transparent selection process.

This modernisation process and its evident results in terms of institutional progress is being applied within the framework of a democracy that has been stable for 16 years. During this time, five successive changes of government have taken place, with the political parties taking turns in office in every case. This alternation, made viable by different political agreements, sought to guarantee the governability of the country. It also contributed to the institutionalisation process and to a constant search for consensus, in order to adopt policies that would transcend the government of the day's term in office.

However, despite the important achievements that have been accomplished during this period of democracy through the implementation of different programs and reforms, results in the management of public bodies are still deficient and they lack institutional credibility in the public's eyes. Legal security, inherent in a state of law, also suffers from serious constraints. Finally, discretionary practices and corruption are still prevalent in many sectors of public administration.

A number of studies assessing public opinion reflect society's lack of confidence in most public institutions. Political parties and law and order institutions in particular suffer from a low level of credibility. This means that confidence in the political system currently in force is weak. This in turn leads to citizens having increasingly less confidence in those who govern them.

The public perceives that political parties only seek out and communicate with the voters in the run-up to elections. Afterwards, people feel that few possibilities exist for citizens to participate and make their concerns known. There is also an extremely clear perception that public administration continues to be manipulated by very small groups.

In this context, corruption in public administration stands out as one of the main problems. It helps to weaken citizens' confidence and chips away at one of the democratic system's most important foundations.

## **B. The National Dialogue**

Against the background described above, President Hugo Banzer Suarez's government convened a dialogue between public officials, political leaders and representatives of different sectors of civil society. This encounter, which took place on 6-18 October 1997, was called the "National Dialogue:

Bolivia towards the 21st Century”. It enabled the different sectors of society to identify their common aspirations for Bolivia in the next century. It has also become a forum in which civil society can participate in defining the country’s objectives and priorities.

The first stage of the National Dialogue consisted of the functioning of four round tables, which analysed the following themes: Opportunity, economic development, growth and employment; Dignity, the problem of drug trafficking; Institutionalality, justice, the state of law and the modernisation of the State; and Equity, social development and the fight against extreme poverty.

The methodology used to carry out the National Dialogue involved the participation of independent moderators. These gave greater credibility to the process and it was therefore possible to achieve the effective participation of all the sectors of the State and civil society.

In the case of the Institutionalality round table, the conclusions reached referred to issues linked to the reform and modernisation of the State and public management, the state of law, constitutional reform, justice administration, the political system, participation by civil society and, finally, the fight against corruption, a cross-cutting theme in all the areas relating to institutional development.

The National Dialogue devoted a substantial part of its deliberations to analysing the institutional framework for development. Guaranteeing legal security, promoting participation by means of a decentralised system, eradicating corruption and establishing a professional and efficient public administration are some of the aspects to which particular attention should be paid in the institutional development process.

With regard to the issues of institutional development and the fight against corruption, the document that emerged from the National Dialogue includes the following conclusions and recommendations:

124. “The Judiciary’s effective independence from the influence of political parties and economically powerful groups is an essential precondition for it to function legally and correctly and improve its ethical standards. Consequently, eliminating the influence of political parties in the election of the Judiciary’s judges and magistrates is an indispensable and urgent requirement.”
135. “.....public administration should be institutionalised as a career by approving the Civil Service Statute and extending the civil service at all levels of central government, the prefectures and municipal governments.”
144. “Corruption is a serious threat to Bolivian society and its democratic institutions.”
145. “Eliminating corruption demands raising awareness and mobilising civil society’s organisations; the sustained and consistent application of State policies, with a commitment by all political

9<sup>th</sup> International Anti-Corruption Conference (IACC), 10-15 October, 1999, Durban, South Africa

forces; improving ethical standards in the institutions set up to combat it; and an up-to-date and efficient body of laws.”

146. “The national campaign to combat corruption must restore the value of ethical behaviour by individuals and groups, promote and disseminate such principles within the family, schools and society’s organisations, combat favouritism, preferential treatment, the trafficking of influences and all forms of corruption, and promote a fairer wage scale for State employees.”
147. “This campaign should be supported by media activities and include seminars, workshops, round tables for discussion between the State and civil society and all forms of mobilisation indispensable for ensuring its success.

Amongst other recommendations drawn up by the Institutionality round table, it stressed the need to approve, in the shortest possible time, the laws regulating the functioning of the judicial branch’s independent organs (the Constitutional Tribunal, the Judicial Council and the People’s Defender). These laws were promoted by the government and have now been approved by Congress, in compliance with the National Dialogue’s recommendations.

### **C. Political commitment to address corruption**

Ever since President Hugo Banzer Suarez’s government took power, it has expressed its concern about the phenomenon of corruption in the country. It started to take action on the issue by adopting a set of ten ethical standards commandments. These serve as a guide for the way in which government officials act. Subsequently, in November 1997 the government invited delegations from the World Bank and the NGO Transparency International to visit the country to assess the possibility of implementing co-ordinated actions to address the phenomenon of corruption.

For its part, the main opposition party, the Revolutionary Nationalist Movement, publicly expressed its willingness and decision to take part in drawing up an anti-corruption strategy, with the ultimate aim of converting it into a State policy.

These manifestations of political will, in addition to the many occasions society itself has expressed its condemnation of corrupt practices in public administration, confirm that a consensus exists to implement specific policies to rectify this problem. This also means that circumstances favour the consolidation of a State policy on the subject.

### **D. Programs already under way**

The preparation and introduction of the NIP and a Strategy to Combat Corruption is an effort that is not beginning in an institutional or programmatic vacuum. Several sectors and State bodies are already

implementing programs, projects and activities. Although these are not specifically aimed at combating the problem of corruption, their purpose is to strengthen and/or overhaul activities in the service of society, thereby generating effects of a preventive nature.

Amongst the programs related to institutional development and integrity that are having a preventive effect on the phenomenon of corruption, the following can be highlighted: the Judicial Reform being implemented by the Ministry of Justice and the judicial system; the introduction of Administration and Control Systems, for which the Finance Ministry and the Comptroller General's Office are responsible; the modernisation of the Internal Revenue and Customs Services; the reinforcement of the People's Defender's Office; the National Governability Program and the Institutional Reform Project, for which the Vice-Presidency of the Republic is responsible. In addition, there are other institutional strengthening programs that form part of the decentralisation and popular participation process. These are co-ordinated between the Ministry of the Presidency and the Ministry of Sustainable Development and Planning, and are receiving financial support from a number of multilateral and bilateral agencies.

Nevertheless, many of these programs and activities lack proper co-ordination or encouragement by the political authorities to achieve the objectives and results proposed. A situation has therefore arisen in which efforts are dispersed. This must be rectified by adopting a clear strategic frame of reference that brings together the actions and objectives of each of these programs.

#### **E. Public opinion's perception of corruption**

A sequence of public opinion surveys carried out over the last 6 years reveals the existence of a significant level of awareness amongst citizens on the issue of corruption. These surveys also highlight a surprising stability in the rating Bolivian citizens give corruption. They categorise it as one of the country's main problems.

In a study carried out in October 1996, the public placed corruption in sixth place on the list of the country's main problems, behind those linked to unemployment, poverty, the economic crisis, education and health.

National problems	%
Unemployment	44
Poverty	35
Education	24
Economic crisis	21
Health	21
Corruption	11
Low wages / low incomes	11
Inflation / price rises	9

Drug trafficking	7
Drug use	6
Violence / crime	
Party political squabbles	

Source: Surveys & Studies, Oct 96

However, as the country made progress in solving certain problems or implementing specific programs in certain areas, the public's concern about corruption became increasingly acute. A more recent assessment, from the beginning of 1998, shows that the public's perceptions have noticeably altered, and corruption is now the main national problem worrying people. It is worth pointing out that this survey was carried out at a time when two specific cases of corruption had come to light, a factor that may have influenced the public's perception.

National problems	%
Corruption	40
Unemployment	15
Drug trafficking	15
Poverty	13
Education	6
Roads	5
Justice	3

Source: Government, Feb 98

### **The public's more recent perceptions**

Survey work carried out in January and February 1998 gathered the perceptions of 6,851 households in 50 representative communities around the country on corruption-related issues in public services. The methodology used to undertake this work was the "Services Performance Questionnaire". As well as compiling information about perceptions among the sample selected, it included the methods of focus groups and interviews with key informants in order to validate the information obtained and gather opinions and recommendations for solutions to the problems encountered.

The results of the survey show that the public's perception of corruption in Bolivia is serious and alarming. 79% of the households expressed the opinion that corruption in public services is serious or very serious, and this opinion held constant regardless of differences in age, sex and position within the family. The problem of corruption would seem to affect poor people the most, since in highly marginalised communities there was an increase of 10% in opinions on the seriousness of corruption. Perception of the Degree of Corruption in Public Services.

Very serious	25
Serious	54
Fairly serious	16
Not very serious	4
Not at all serious	1

Source: Government, Feb 98

Likewise, three out of four households indicated that the practice of exchanging bribes in the management of public services is frequent or very frequent, a perception that does not vary in the poorest communities. It would seem, then, that the payment of bribes is the most perceptible form of corruption as far as the public is concerned.

The perception of corruption by geographic area is greater in the cities, especially in the country's three largest cities. This is probably due to the fact that this is where most of the State's bureaucracy is concentrated.

People were also consulted on which of the public services needs to rectify the problem of corruption most urgently. 31% stated that the worst service is the Police, followed by Customs in the cities and Mayors' Offices in the rural areas.

The public identifies the Police as the service providing security to citizens. It is associated with the whole set of services linked to justice administration. This means that other members of the judicial system (judges, prosecutors, rural magistrates, etc) are implicated, since the public does not differentiate clearly between them.

The population group surveyed explained its discontent with the Police by arguing, amongst other reasons, that police officers frequently act with impunity, are uneducated, frighten people (particularly the poor), beat up detainees, refuse to issue receipts or supporting documents for the charges they make, are biased towards or find in favour of those who offer them more money, and demand money before they will provide their services.

The solutions proposed by the public for reducing corruption in the Police and the justice administration services associated with it, suggest the need to apply measures of a general nature such as publicising citizens' rights, passing legislation to combat impunity and adopting mechanisms to punish the corrupt. Amongst the measures of an administrative nature, people indicated that greater control and co-ordination should be exercised in the appointment of local authorities. Finally, with regard to the personnel providing services, they indicated that higher levels of education should be required of them, their wages should be increased, they should be trained and their awareness raised, corrupt staff should be changed and they should be forced to carry identification while at work.

The survey also analysed the public's perception of corruption in the institutions in which bureaucratic procedures and records are handled. In this area it was found that the procedures citizens have to go through most frequently are those for: identity cards, property rights records, regularisation (legalisation) of documents, birth certificates and the payment of taxes.

The survey found evidence of certain irregularities in the way these procedures function, principally in the time it takes citizens to carry them out. With regard to property rights procedures, for example, between 65 and 70% of the users surveyed stated that they take anything between one month and several years to complete, while only 4% said they had concluded the same procedure in the space of an hour.

One common way of carrying out the bureaucratic procedures in different public institutions is to contract the services of a facilitator or "go-between". A significant percentage of those surveyed had resorted to using the services of such people. According to the study, this practice has a direct relationship to the payment of bribes, since those who use "go-betweens" to carry out their bureaucratic procedures for them are at twice the risk of having to pay bribes to speed up the procedure than those who do not use such services. It is therefore easy to see the relationship that exists between the "go-between" figure and corruption.

In order to rectify the problems of corruption in bureaucratic procedures and speed them up, people suggested that a proper system of information and guidance on how to use these public services should be established. Those surveyed proposed that every public office handling bureaucratic procedures should put up an information board indicating the cost of the procedure, how long it takes and where it should be done, as well as installing a complaints box.

In the rural areas, the Mayors' Offices were identified as the second institution in which corrective measures are most urgent. In this specific case, people recommended introducing certain measures that will enable political interference to be eliminated in these local authorities. They also proposed other measures aimed at improving the efficiency of their staff through wage increases, training and awareness-raising.

### **The private sector's perception**

The study also took into account the private sector's perception of corruption. 1,599 businesses in seven departmental capitals, including the city of El Alto, made up the sample. This represents 1.3% of the total number of businesses registered by the National Institute of Statistics.

90% of business owners perceive that corruption in public services is serious or very serious.

82% of those surveyed coincided in identifying Customs as the institution with the greatest corruption

problem. They suggested adopting measures aimed at eliminating political interference in Customs, implementing better administration and control systems, punishing the corrupt, obtaining support from international agencies and improving the quality of staff.

The survey also analysed the private sector's perception of the level of corruption in public bidding processes. In this area, 87% of those surveyed expressed the opinion that these processes are not clean, regardless of whether they had taken part in one or not.

43% of the companies that had been involved in a public sector bidding round stated that it had already been "arranged" in advance whose bid would win, while 24% said they were asked for money if they wanted to win the contract and 19% were asked for money to sign the contract they had already won.

To eradicate corruption in public bidding, those surveyed recommended that certain mechanisms should be put in place to enable these processes to become more transparent. The measures proposed include publishing calls for bids, opening the envelopes containing the bids in the presence of participants, making it obligatory to report the results of the bidding round publicly, preventing contact between officials and the companies presenting bids, eliminating political interference in the process, setting up commissions of experts to judge the bids and promoting the participation of international agencies.

With regard to the legal framework, it was suggested that there was a need to enact a law modifying the current Basic Norms for Goods and Services Administration. This was despite the fact that the survey found that 41% of those who had taken part in bidding rounds are unaware of these basic public sector norms.

In conclusion, both surveys showed that the perception of corruption in our country is very serious and widespread in all sectors of society.

Taking these results into account, it can be stated that there is a need to concentrate efforts to combat corruption. These should be directed mainly at justice administration and police services, customs, mayors' offices and other institutions providing the services involved in bureaucratic procedures and public records, as well as improving public sector bidding systems.

The main recommendations set out in the surveys refer to the need to introduce better control systems, eliminate political interference in public institutions, modernise the services and strengthen the institutions. They also recommend recruiting competent staff for the public sector, raising their salaries and punishing acts of corruption to prevent impunity.

## **F. National Integrity Plan**

On 21 September 1998 the government presented civil society with the first proposal for a National Integrity Plan. This preliminary proposal was the basis for the signing of an “Inter-Institutional Agreement on the National Integrity Plan”, which led to the setting up of a National Integrity Commission.

The National Integrity Commission is composed of representatives from the State’s three institutional branches:

- a) The Executive:
  - Ministry of the Presidency
  - Finance Ministry
  - Ministry of Justice
- b) The Legislature:
  - Senate
  - Chamber of Deputies
- c) The Judiciary:
  - Supreme Court of Justice
  - Judicial Council
- d) Independent Bodies:
  - Comptroller General’s Office
  - Attorney General’s Office

The Commission is chaired by the Vice-President of the Republic in his capacity as President of Congress. It is responsible for ensuring proper co-ordination between the different State institutions involved.

The Commission’s function is to discuss and recommend the application of norms, policies and programs for institutional development in the areas identified in the NIP. It also has to monitor these and co-ordinate their implementation with civil society’s institutions.

In addition, the Vice-Presidency of the Republic has set up a Technical Unit for the NIP which acts as the National Commission’s Technical Secretariat and as the Project’s Co-ordinating Unit. This unit is responsible for the financial administration and technical co-ordination of the strategy’s components.

## **G. First National Integrity Workshop**

On 23-24 November 1998, the First National Integrity Workshop was held in the city of La Paz. This workshop was convened by the National Integrity Commission for the purpose of presenting the first

proposal for the National Integrity Plan to Bolivian civil society and discussing its scope.

This workshop brought together representatives from the three powers of State, the Police, the Armed Forces, private institutions, opinion-formers and representatives from civil society, who were chosen on the basis of the institutions that took part in the Institutionality Round Table during the National Dialogue.

The topics analysed by the working groups during this two-day event were Judicial Reform and the Modernisation of the State, both with regard to the fight against corruption.

Both working groups prepared documents containing their conclusions. These express support for the actions envisaged in the first proposal for the National Integrity Plan. They also suggest other actions and initiatives to combat corruption, which have been included in this current version, and propose a Work Plan for 1999.

The encounter also proposed the need to institutionalise the Integrity Workshop as a regular and constant means to bring State institutions, the political system and civil society together to monitor and evaluate the NIP's actions and measures.

### **III. The phenomenon of corruption**

#### **A. Modernisation of the State and the fight against corruption**

Modernisation of the State principally involves creating the necessary conditions so that it can efficiently fulfil the new role assigned to it by the development model adopted world-wide, both in its own territory, where it needs to be effective in promoting sustainable, shared development, and in the context of a globalised world where the market economy and democracy reign supreme.

In this scenario, the State's main objectives revolve around the collective interest, including bringing about a reduction in poverty, providing legal security, and protecting citizens and the environment.

The first generation of structural changes were adopted in Bolivia following the resurgence of the democratic process in 1985. With these changes, the State took its first step towards assuming a new vocation and model: its transformation from a centralised, producer State into one that is decentralised and regulatory.

It is essential for the State to make progress in defining new objectives and areas of action. This is the starting point from which it can continue to promote development and provide a better and more effective service to society. The main requirements for this process are appropriate organisation and administrative co-ordination, competence in the provision of services and citizen participation. This

will enable the State to get closer to civil society and achieve greater consensus around policies, which in turn will increasingly help to perfect governability.

In this context, corruption is a factor that affects the efficiency, efficacy, transparency and credibility of the State. It should be addressed by actions of a preventive nature. Amongst other things, this implies introducing more efficient management systems, improving the quality of personnel, and ensuring greater effectiveness in the provision of services, variables that all have a direct correlation with development. No less important are those actions that seek to address impunity and deficiencies in justice administration.

The phenomenon of corruption also constitutes a symptom of institutional weakness. It is therefore essential to adopt measures that attack the causes and not just the effects of this problem. This is why institutional development and State modernisation policies are crucial, and they should establish clear rules in order to consolidate efficient institutions.

## **B. General causes**

There are several approaches to analysing the phenomenon of corruption. One of them focuses on studying the structural and administrative conditions that favour its growth.

### **1. Structural conditions**

Structural conditions are those that arise from the arrangements and systems under which a country's economic, political, social or legal structures are organised and function. Each of these areas can contribute in different ways to there being a greater or lesser propensity to corruption in the administration of the State and public assets. Adapting these structures and making them less vulnerable makes it possible to minimise and prevent the risk that this phenomenon will occur.

#### **Economic structure**

One traditional approach to the phenomenon of corruption indicates that the conditions and possibilities for acts of corruption to be committed increase in relation to the number of regulations and the discretionary powers of public servants. Where these are greater, corruption is more prevalent. For some authors, certain economic policy instruments encourage corruption because they are a source of rent-seeking. These instruments include state monopolies, restrictions on foreign trade, subsidies, price controls, multiple exchange rates, and low wages in the civil service.

When the State intervenes in the economy, its administration is exercised in a discretionary way as it takes advantage of its monopoly position. Therefore, the greater the State's intervention in the economy, the greater the risk that corruption will exist in that administration.

Other analysts suggest that if the economy is opened up to international competition without tariff barriers or if foreign investment suddenly increases, corruption tends to be promoted and adapt itself to the new and unknown environment.

The ways in which corruption affects a country's economic structures represent a grave danger to its development and growth. Amongst other negative effects, corruption makes investment in basic infrastructure and the provision of public services more expensive, thereby reducing the possibility of extending them to benefit a greater number of users. It also makes it more expensive to purchase the latest technology, and exposes the country to the risk of acquiring obsolete technologies. It makes the implementation of an industrial policy more difficult due to the existence of widespread contraband, and reduces the effectiveness and fairness of fiscal policy. In short, it diminishes the country's competitiveness and constitutes an important restriction on its growth.

### **Political structure**

When the political system and politicians do not fulfil their true role as intermediaries or their duty to represent and serve citizens, political corruption is encouraged. As a result, citizens only enter into politics for personal and egotistical reasons.

The relationship between political and economic opportunities in a country also affects corruption. If political opportunities exceed economic opportunities or noticeably increase over a given period, there will be more people wanting to enter politics as a means of making money. This leads to a potential increase in corruption.

Restrictions on the control civil society can exercise is undoubtedly one more condition that encourages corruption. This is why it is important to have the presence of a strong opposition controlling the party in government and maintaining balance in the distribution of power. Likewise, when power is excessively concentrated in the hands of one political group, and that same group remains in power for some time, this can also become a condition that encourages corruption.

Finally, the effects of corruption on political structures are reflected in a reduction in the credibility and legitimacy of governments, and hence of the democratic system itself. These are indispensable conditions for maintaining governability in a country.

### **Social structure**

A country's social structure carries with it certain ethical values that can facilitate or obstruct the phenomenon of corruption. Changes in this social structure can favour or impair the control exercised

by society. Some analysts maintain that “corruption tends to increase at times of rapid growth and modernisation, as a result of changes in values, new sources of wealth and power and the parallel expansion in administration.”

The effects of corruption on social structures are reflected in the degree of cynicism citizens feel. It also gives rise to a lack of hope, disenchantment and indignation, aspects that create a favourable atmosphere for a political culture of antisocial behaviour. This means that citizens start to evade their duties, not just as taxpayers but also in all other aspects of community life. The relationship of co-operation between citizens and the authorities is destroyed or weakened. This generates a hostile environment that contributes little or nothing to building a participatory society. Instead of a constructive society, it produces a society of negative people, who seek to extract the greatest possible advantages for their own personal benefit and do not care what happens to their neighbour, their community, their neighbourhood, their city, their region and their country. This lack of solidarity is a product of the cynicism and apathy generated by the perception that the government, public officials and politicians are corrupt.

Since social structures are related to individual and community values, they suggest a long-term process that is sustainable over time. Programs and campaigns to provide education and training or disseminate information on the subject can to some extent help to channel the way in which the community conceptualises the problem.

### **Legal structure**

Limited by weaknesses in its institutional structure, unclear and unstable rules, the lack of coherent administrative law and diminished legal security. Deficiencies in the functioning of the legal structure’s fundamental institutions such as the Attorney General’s Office and the Judiciary lead to an enormous increase in the conditions favourable for the phenomenon of corruption to exist.

Impunity, defined as “an aberrant process that impedes the right to justice and truth and violates the basic principles of human rights,” is directly related to corruption and legal structures that do not contribute to enable acts of corruption to be clarified and publicly sanctioned. It is also related to the administrative conditions that often help the corrupters and the corrupted to keep vows of silence or maintain the widespread practices of protection, made possible by political and parliamentary privileges.

Corruption affects legal structures mainly by creating uncertainty, distrust and unfairness in justice administration. This dramatically reduces the citizen’s well-being and discourages investment and savings. It deters foreign investment because investors perceive the lack of transparency and therefore conclude that neither equal treatment nor clear rules exist.

## **2. Administrative conditions**

As far as administration and management are concerned, it has been proven that conditions favourable to the existence of corruption can be created here too. This happens when the management, control and incentives systems for public servants do not correspond to the degree of responsibility they have to assume. Therefore, this gives rise to the creation of informal structures in the functioning of certain services, which work to the detriment of citizens, who are after all those to whom the public sector's activities are directed.

Some management systems encourage the concentration of excessive "monopoly power" in the hands of a few officials, award them excessive discretionary powers and lack mechanisms for the presentation of accounts and the transparent management of information. Such systems give rise to the creation of "focal points" of corruption that can be taken advantage of by unscrupulous officials for their own personal benefit.

Another condition is the absence of incentives systems for public officials or civil servants responsible for providing services to the public, both from the point of view of appropriate recognition for certain functions and the existence of effective sanctions for those cases in which they act dishonestly or inefficiently. This lack of incentive means that public servants do not develop the values inherent in a vocation to serve society and are more inclined to be corrupt.

Management systems that promote responsibility and accountability are therefore essential to control corruption. They help to make processes more transparent and to prevent public servants having excessive discretionary powers.

Real incentives need to be established so that public servants feel adequately recognised, both economically and socially, while corrupt activities and behaviour are felt to be risky. Only then will it be possible to ensure that public servants themselves solve the problems of the lack of transparency and inefficiency affecting the services they provide today.

## **IV. The situation in Bolivia**

Based on the considerations set out above, it can be affirmed that in order to address the phenomenon of corruption in this country, there is a need to take forward a process to transform those structures that to a large extent contribute to its existence, and sometimes even encourage it. This task presents huge challenges and difficulties that should duly be taken into account.

It is therefore necessary to make a practical application of the existing concepts and theories about the phenomenon of corruption, by analysing the structural and administrative conditions currently in place in Bolivia.

- a) The economic structures are possibly the area in which most work has been done since the new macroeconomic policy was introduced in 1985. This has enabled the main distortions in the economy to be reduced. Important structural changes include price liberalisation, the freeing up of interest and exchange rates, the opening of capital accounts, the establishment of a single rate of exchange for all transactions, the privatisation of public enterprises, the elimination of quantitative barriers to foreign trade, and the introduction of a simpler tax system. These are some of the important measures taken by Bolivia to eliminate the different distortions in the economy which used to create favourable conditions for corruption, speculation and the black market.

In this context, the challenge is to sustain the achievements and continue to strengthen the economy, which is still weak and unbalanced. In any case, there is increasingly less work to be done to modernise the country's economic structure, and specific programs for this purpose already exist. The effects these measures will have on corruption will no doubt be indirect but highly effective.

- b) With regard to the political structures, it is important to differentiate between the progress the country has managed to achieve in developing its political system, and the behaviour and conduct often observed in the political actors themselves. The latter are normally those that give rise to very critical perceptions in the eyes of the public.

It cannot be denied that the measures adopted to modernise the electoral system, as well as the policies and programs aimed at increasing social participation and broadening the country's democratic base, have affected the structures through which power is exercised. They have also helped to reduce the level of discretionary power in the hands of political actors.

Some political actors evidently indulge in unethical behaviour, and this is frequently denounced and made public, thereby increasing public opinion's negative image of them. Despite this, it is also true that other types of attitudes do exist, showing a degree of development and maturity in those same actors. This refers essentially to the fact that the political sectors have demonstrated their ability to reach agreements and put in practice policies that benefit the country.

As the State develops, institutions become consolidated and the democratic system gets stronger, the political actors will also consolidate their maturity. They will be able to represent the population effectively and serve the wider community, thereby fulfilling the mandate assigned to them by our system of government in a more appropriate way. At the moment, however, traces of patronage and favouritism still persist in our political system. These traditions still characterise the behaviour of political actors, in whose culture they are considered to be legitimate and acceptable. This can be explained to a large extent by the problem of economic opportunities. It would seem that under current conditions there is no way to achieve social mobility except by gaining access

to political power. While these behaviours and this political culture persist, it will be difficult to overcome the structural conditions that encourage corruption.

- c) With regard to the social structures, there is evidence from several opinion polls that Bolivian society as a whole condemns corruption and openly expresses its disgust at the cases of corruption that are not properly punished. However, although society has shown willing to participate and support actions to combat corruption, in practice a sort of resignation also exists, which can even become a *de facto* acceptance of it. In other words, people condemn corruption but they do not confront it, they live with it.

It would therefore seem that the need to prioritise this problem in society's scale of values is not sufficiently clear. Alternatively, it could be that society lacks the necessary awareness of citizens' rights and knowledge of the laws that would lead to more decisive and effective action on the part of civil society to demand more efficient and honest administration by those holding political power. In addition, society is unable to locate the mechanisms it could use to participate in the fight against corruption.

Campaigns to educate citizens, improve ethical standards and raise people's awareness about the problem and the scope of society's role in the fight against corruption are essential to lay ethical foundations rooted in society itself. These will give rise to a change in values that will ensure the sustainability of any effort to eradicate corruption.

- d) As far as the legal structures are concerned, it is quite evident that Bolivia has not yet managed to consolidate a legal system in tune with the level of development attained by the other areas. This causes imbalances in the country's institutional growth.

The conditions in which the Judiciary currently operates and the political interference to which it has traditionally been subjected reduce its credibility in the public's eyes. There is a level of distrust that seriously affects the environment of legal security that ought to exist as a precondition for promoting national development.

However, it is also the case that the institutionalisation and modernisation of the Judiciary and other institutions linked to justice administration has already been initiated. It has been under way ever since the latest Constitutional Reform.

Laws have now been enacted to regulate the functioning of the Judiciary's independent bodies: the Constitutional Tribunal, the Judicial Council and the People's Defender. These bodies were set up to solve the problems of political interference in the Judiciary and guarantee that justice administration is independent, as well as establishing mechanisms to protect citizens through the People's Defender's Office.

Moreover, as explained in the background section, those holding office in these three bodies were appointed by way of the procedures established by law. They are therefore institutions in the process of being organised. It will be necessary to strengthen them in order to consolidate a process of reforms in the judicial system, which will undoubtedly require a great deal of time and effort.

These actions now in progress should be complemented by others already envisaged in the reform. Such actions include strengthening institutions such as the Attorney General's Office, modernising the legislation currently in force and, fundamentally, strengthening the Judiciary's administrative systems. This will enable modern and efficient institutions to be created and guarantee efficiency in justice administration.

In the area of administrative law, bearing in mind the profound transformations the State is undergoing, there is also a need to have an up-to-date normative framework in the area of administrative procedures. This should establish the principles that will govern the relationship between citizens and State administration as regards the right to petition and appeal.

The success and sustainability of this reform process will depend essentially on the possibility of preventing the measures and appointments from becoming subordinated to party political or individual interests. The fight against impunity is not only a fundamental aspect of the legal structures but also a necessary precondition for this plan to be successful.

Civil society's support in the fight against corruption is an indispensable requirement, and its participation depends on the confidence it has in the Plan. The Plan will only achieve credibility when the public becomes convinced that impunity is being addressed.

- e) With regard to the administrative conditions that favour corruption and encourage inefficiency in the public sector, the country already has legislation that provides for the establishment of modern administration and control systems aimed at achieving greater efficiency, economy and efficacy in the administration of the State's resources and operations: the SAFCO Law. However, since 1990, when this law came into force, the State has not managed to implement the systems envisaged definitively. On the contrary, the spirit of the law has become confused, and it is identified exclusively as a means of control and punishment. This is a very partial view of its objectives. Laws, if they are regulated and introduced appropriately, will undoubtedly enable the problems of the excessive discretionary powers and lack of transparency in certain services to be solved. According to the surveys described above, these services are perceived to be the institutions most vulnerable to administrative corruption.

This therefore poses the challenge of completing the introduction of the SAFCO Law and, at the

same time, establishing a civil service career structure that will enable public officials to perform their duties with a true sense of serving the community, rather than seeing themselves as temporarily serving the interests of the political parties that make up the government of the day.

## **V. Objectives of the National Integrity Plan**

### **A. General Objective**

The National Integrity Plan (NIP), principal component of the Institutionality Pillar, has as its central objective to prevent and combat corruption, by strengthening the institutionality of state bodies, in order to obtain more efficient services and more effective results for society as a whole, and, within the framework of a state of law, to promote full legal security by ensuring that citizens' rights and guarantees are protected effectively by an accessible and independent judicial system.

### **B. Specific Objectives**

To fulfil this overall objective, the NIP proposes to meet specific objectives in the country's institutional development. These objectives will determine how the Plan's specific components are formulated, and are organised into the following three areas:

#### **Justice administration and the legal environment**

- Establish the institutional and normative foundations that will ensure an efficient and well-qualified administration of justice, while preserving the independent nature of the powers of State and guaranteeing the full validity of the state of law.
- Develop the normative framework needed to adapt the legal instruments currently in force in commercial, administrative, civil and criminal law to today's economic and social development conditions, in order to ensure that the legal system is consistent.
- Strengthen the institutions responsible for justice administration so that they can provide a more efficient and transparent service to society, thereby helping to develop a climate of legal security for the whole population and for the development of economic activities.

#### **Modernisation of the State**

- Modernise the administration of the State within the framework of its new normative, regulatory and basic service-providing role, in order to ensure that these functions are carried out efficiently, transparently and with a wide degree of participation by civil society, and contribute to the central objective of combating poverty.

- Modernise the management systems at all levels of public administration, applying the concept of management by results and an effective delegation of responsibilities in public authorities.
- Introduce incentives systems for the civil service to improve the quality and professionalism of civil servants and eliminate political favouritism.
- Support the modernisation of the Legislature by strengthening its oversight capacity, improving its normative framework and developing its administrative capabilities.

### **The fight against corruption**

- Develop effective prevention, education and punishment mechanisms aimed at combating corrupt practices in public administration and inculcating ethical, moral and service values in those who serve the State.

## **VI. Components of the Plan**

The National Plan is based on three components. Their implementation will demand the participation of different sectors of the State and civil society.

In order to establish the validity of the state of law and ensure that the legal system is effective and efficient, does not give rise to abuses or transgressions of the law and punishes cases of corruption in State administration effectively, it will be necessary to strengthen the Judicial Reform process currently under way and place emphasis on actions aimed at the investigation, prosecution, trial and sentencing of acts of corruption.

In the area of prevention, State administration systems must be modernised and effective incentive mechanisms introduced to ensure that public servants carry out their duties with a vocation to serve society and in accordance with the principles of transparency and integrity. This objective necessarily involves integrating the efforts undertaken so far to modernise the State, and ensuring that the concept of accountability in the civil service, as set out in the SAFCO Law, is fully applied.

Finally, in order to take forward clear and specific actions aimed at combating corrupt practices in public administration, and to make explicit the determination on the part of the State and Bolivian society to eradicate this scourge, there is also a need to put in practice specific actions that will have an immediate impact and results, attacking the problem of corruption at its most visible points and in the areas in which those who behave in this way are most vulnerable.

It is within this framework that the National Integrity Plan identifies the three components described in

the following sections:

- Judicial Reform
- Modernisation of the State
- The Fight Against Corruption

#### **A. Judicial Reform**

Legal security and the effective enforcement of the law are indispensable conditions for discouraging corruption in the administration of the State. If the acts of corruption that are identified are not properly brought to trial and punished, no administrative prevention effort will be successful. On the contrary, this type of activities would be given greater incentives.

To achieve an effective administration of justice, it is essential to solve the structural problems affecting the judicial system and overcome the weaknesses in the institutions responsible for managing it. The effective independence of the Judiciary is one condition for taking forward appropriate institutional strengthening programs that will improve the conditions in which the justice system currently operates.

Within this framework, the National Integrity Plan proposes the following actions aimed at modifying these structural defects in the judicial system:

#### **Bring into operation the Judiciary's new Independent Constitutional Bodies**

The objective of ensuring that the Judiciary is independent and properly managed is set out in the most recent Constitutional Reform. This provides for the creation of a Constitutional Tribunal and a Judicial Council, two highly specialised collegiate bodies composed of professionals who must be appointed on the basis of their professional rather than political qualities, and whose functions must be clearly established in specific laws.

Congress has already made progress by approving the two laws regulating the functioning of both bodies, as well as appointing their members. These have now taken office and are carrying out their functions.

This process forms part of the institutionalisation tasks envisaged by the NIP. However, to ensure that these new bodies that now exist in the justice system can effectively fulfil the objectives assigned to them by law, it will be necessary to provide them with all the support, institutional strengthening and resources they need to function. The NIP will therefore allocate financial resources and technical assistance to facilitate the work of both constitutional bodies.

### **Modernise and update legislation**

To guarantee the effective validity of the state of law, the country needs to be provided with normative instruments that meet the needs of the development model and clearly establish the legal rules and procedures necessary to ensure that justice administration is agile, transparent and effective. This implies the need to complete the existing legal framework and establish a modern and efficient justice system. To achieve this, and to complement the reforms already under way in the economic and social spheres, the following legal norms have been identified as needing to be modernised or created:

- a) The Constitutional Laws of the Legislature, the Judiciary and the Attorney General's Office. The aim here is to update the institutional norms that govern the functioning of these institutions. They should be compatible and in tune with the changes brought about by the State modernisation process and the development of democratic institutions.
- b) Modernisation of the Codes governing commercial, civil, family and criminal law. These are the instruments that establish the basic legal framework in which economic, social and political activities are carried out in the country.
- c) Drafting of a new Criminal Prosecutions Code. This should establish new institutional norms and standards for criminal prosecutions that reflect the State modernisation process and bring about greater efficiency and speed in criminal trials.
- d) Approval of the Administrative Procedures and Administrative Disputes Process Law. The objective of this law is to establish principles and norms, expressed in a simple and intelligible way, to make effective citizens' right to impugn and petition, and safeguard their rights.
- e) Drafting of laws aimed at simplifying and widening access to justice, such as the Recognition of Traditional and/or Community Justice Law; application of the Arbitration and Conciliation Law; and modification of the Bail Law and the Property Guarantees Law.
- f) Drafting of a Coercive Fiscal Prosecutions Law. The objective of this is to establish an effective and agile procedure to enable the State to recover economic obligations owed by individuals whose irregular and illicit actions or omissions have caused damage to the State that can be calculated in the form of money. This procedure must operate within a framework of legality, transparency and respect for citizens' rights.
- g) Creation of laws to combat impunity. These should establish the way in which State dignitaries can be brought to trial and punished. They include laws on the Trial of High Dignitaries of State, and the Trial of Supreme Court Judges, Constitutional Tribunal Magistrates and Members of the

Judicial Council. Likewise, trials for the crime of perverting the course of justice should be reviewed.

### **Strengthen the institutions linked to justice administration**

Once the independent bodies set up to ensure transparency in the functioning of the judicial system have been established, and when the activities to modernise the legislation have concluded, it will also be necessary to develop the institutional capacities of the bodies responsible for justice administration. They should be equipped with the instruments they need to be able to provide their services efficiently and transparently for the benefit of citizens.

In this area, it is planned to carry out the following actions:

- a) Establish a judicial career structure to organise the management of human resources in the justice system at all levels, from judges to technical and administrative staff.
- b) Strengthen the Judiciary's administrative systems, by providing the Judicial Council with the instruments needed to promote the proper administration and control of financial and non-financial resources.
- c) Develop training programs in justice administration for judges and other staff in the judicial system.
- d) Strengthen the Attorney General's Office in its capacity as one of the institutions responsible for representing society in specific cases, and provide it with the capacity it needs to be able to perform its duties efficiently and independently.
- e) Design a project to develop a Strategic Judicial Information Plan, which will include mechanisms for gaining access to the Inter-American Judicial Reform Network and statistical information systems where rulings in court cases are recorded.
- f) Widen the coverage of the program to set up Public Defence and Human Rights offices at the national, urban and rural level. The purpose of this program is to offer support services to citizens and enable them to exercise their rights and demand proper justice administration.

### **Institutional Reform of the National Police**

Since the results of the survey confirm citizens' distrust of the National Police and demand that greater attention is paid to its performance, the NIP envisages the following actions:

- a) Carry out a National Survey to find out citizens' perception of how the police perform their services. This will widen the scope of the CIET International survey and identify the main problems to be rectified.
- b) Promote education and training programs on human rights and citizens' rights for police personnel at all levels.
- c) Promote society's participation in the design and implementation of a Citizen Security Plan.
- d) Design a specific project to carry out institutional and administrative reform of the National Police.

## **B. Modernisation of the State**

As mentioned above, Bolivia has made significant progress in modernising public management, even though these measures have not yet been fully applied. Law 1178, the SAFCO Law, was approved in 1990. The purpose of this law is to establish modern administration systems to plan and implement the State's activities and enable the government to exercise control over them. This law promotes the effective and efficient use of public resources and includes the concept of accountability.

Accountability means that all public servants, regardless of their place in the hierarchy, are under the obligation to take full responsibility for their acts. They must account for the public resources entrusted to them to manage, not just with regard to where these resources were used, but also the way in which they were applied and the results of their use. Developing management capacities to prevent, identify and gather evidence of incorrect uses of State resources is another of the SAFCO Law's purposes.

The law stipulates that the systems established under the responsibility of the Governing Bodies should be provided with basic and specific norms and regulations to enable them to function fully inside each public institution. Since its approval in 1990, the SAFCO Law's basic norms and regulations have been gradually drawn up and approved, although not all of them are being implemented in full. Achieving the full application of these systems will enable administration to become more ordered, effective, efficient and transparent in its decisions. It will also enable policies to be defined and evaluated on the basis of the results achieved, thereby ensuring that scarce public resources are used in the best possible way.

The progress made so far relates directly to the objective of combating corruption. This is because the application of the administrative systems will promote the introduction of preventive control mechanisms in the administration of public resources. It will also enable the relevant responsibilities to be established for the fraudulent or inefficient use of resources, and link them to the sanctions that should be applied in each case.

Another of the problems detected refers to the low level of qualifications amongst public servants. This is a consequence of the deficient working conditions offered by State administration to its employees. Low wages, job insecurity, the lack of training and professional development, low motivation and deficient conditions in terms of infrastructure and equipment all give rise to a lack of inclination for public service, inefficiency and a constant tendency towards corruption.

The surveys carried out to draw up the NIP recommend solving this problem by improving the working conditions for State employees and introducing greater incentives for public service.

Within this framework, the NIP seeks the full restoration of the principles of responsibility for public management, by applying the concept of Management by Results in state institutions. It also seeks the complete and effective introduction of government administration and control systems and the creation and establishment of a Civil Service system that includes incentives for public servants. These will motivate greater quality and integrity in their performance.

In this component, the NIP also provides for the modernisation of Congress, to enable it to carry out its legislative and oversight work in the best possible way.

The NIP will cover all areas of the State, taking forward integrated joint actions in all the powers of State and enabling it to achieve greater effectiveness in accomplishing its objectives.

The specific actions proposed to fulfil this objective are:

### **Promote Results-Oriented Public Management**

Within the framework of the norms established by the SAFCO Law, and in order to make effective the concept of administration it provides for, the application of a Public Management by Results mechanism will be promoted. This will consist of the following components:

- a) Every year, each public institution's highest authority will prepare an activities program with clearly identified and quantified goals and results in accordance with the type of services it is responsible for providing. This activities program will be presented to an assessment department at the highest level of the Executive.
- b) On the basis of the program proposed by each public institution, a Results Commitment will be arrived at. By agreeing to this document, the institutions will commit themselves to achieving the goals indicated. The Executive will then award them a degree of management autonomy and

budgetary resources so that they can implement the program.

- c) At the beginning of each year, the department responsible for assessing the programs will publish the goals and results to which the public institutions have committed themselves. This will enable citizens to be informed about the scope of these commitments.
- d) Half way through each year and also at the end of it, fulfilment of the commitment's goals and results will be evaluated. The evaluation will be made on the basis of previously agreed objective indicators for each institution, to establish the degree of fulfilment and efficiency achieved. These evaluations will lead to the preparation of an institutional performance report, which will be made known to the President of the Republic and the relevant authorities in the Executive.
- e) The institutions that have achieved the best performance in the management of their goals and results will receive public recognition and will be able to benefit from a higher level of delegation and management autonomy in the preparation and implementation of their budgets for the following years.
- f) The institutions that do not attain satisfactory levels in the fulfilment of their goals and results will be sanctioned in different ways, depending on the level of non-fulfilment. The institution's highest official or authority will be the person held mainly responsible for these results. These institutions will have their levels of management autonomy reduced, greater controls will be introduced on the use of resources, and financial and operational audits will be applied to identify and correct the causes of their deficient performance. Public Services Performance Surveys in the case of institutions whose activities relate directly to providing services to the public.

The aim of applying this management system is to strengthen the concept of accountability in the civil service. This prioritises the achievement of results and the quality of the services provided, not just the bureaucratic procedures which could reduce the efficiency and quality of public services.

The effects of the application of this system on corrupt practices will be brought about indirectly, because the effective fulfilment of institutional goals and results can only be achieved if more efficient and honest management is developed. Each institution should therefore incorporate the necessary internal controls to prevent corrupt practices from damaging its institutional performance.

### **Introduce the Civil Service Program on a wide scale**

On the basis of the progress made to date by the Civil Service, the NIP will promote the gradual but widespread application of this system in all public sector institutions, with a new focus.

This new focus does not only aim to create an elite group of professionals in public administration. It

also aims to introduce and fully apply a modern, efficient and transparent system for managing the State's human resources.

To achieve this, the following actions will be taken forward:

- a) Each public institution must quantify and evaluate the number of public employees on its payroll and their relationship to the activities and tasks they carry out. On the basis of this evaluation, it will be possible to establish the number of qualified human resources and support staff these state bodies will require to fulfil their institutional objectives, goals and results as fixed each year.
- b) Based on the evaluation and the requirements established for each institution, the Finance Ministry as the ministry responsible for introducing the civil service will work with the relevant authorities to arrive at an Institutional Reform Agreement for a certain period (3-5 years). In this agreement the institution should ratify its qualified staff in their posts, replace those who do not meet the necessary requirements in terms of training and experience, and get rid of unnecessary extra staff. In this way, they will be introducing a new civil service regime and making the best possible use of the staff they already have on their payroll.
- c) Once the Institutional Reform Agreement has been established, the institutions following the program will proceed to hire new staff, using public recruitment procedures, or ratify existing staff if they qualify for the post. They should apply procedures that guarantee transparency in the selection process and eliminate the possibility of political interference or discretionary practices in these appointments.
- d) Public servants who join through this process will enjoy the benefits of a new employment regime based on the Civil Service Statute and the SAFCO Law's Personnel Management System. This implies the existence of norms and procedures to evaluate performance. Through these, dismissal and promotion policies will be applied to public servants. This will enable the job stability needed to give continuity to institutional policies and programs to be guaranteed. In order to be consistent with the principles of State modernisation, the concept of performance evaluation by results will also be introduced in the management of the Civil Service, and applied to each public servant.
- e) To solve the problem of the lack of incentives, all public servants who join through this process will also benefit from a new wage scale that is competitive with the private sector and in tune with their levels of responsibility. These civil servants will also be eligible for a training and development program tailored to institutional needs. Given the financial constraints in the public sector, these incentives will be covered initially using extraordinary funds. These extra resources will be made available to the institutions according to how well they are fulfilling their agreed goals and results. This will happen until the National Treasury is able to cover this expenditure

itself in each institutional budget.

In addition to the adjustments in the area of human resources, each institution should complement its proposals with policies to spend its resources in the best possible way and generate savings. This will enable them to cover most of the incremental costs that will be involved in the application of these policies.

Given the operational and financial characteristics of the program, it will be applied gradually and it is estimated that it will take 10 years to introduce it fully throughout the public sector. This implies that the reform will be applied individually in each institution as and when the necessary financial resources are available.

It is calculated that as a result of the application of this program, current staffing levels in the public sector will be reduced by up to 30% in ten years. This will achieve a less bureaucratic and more efficient administration. Through this same mechanism, it should also be possible to eliminate all forms of contracting of extraordinary staff or consultants financed by external co-operation for line-management positions in public administration.

### **Support the modernisation of Congress**

In parallel with the actions proposed by the Executive in the area of institutional development, the Legislature will also take forward specific initiatives to bring about its own institutional and administrative development. These initiatives will be supported by the Executive in co-ordination with the other powers of State, in order to promote the country's institutional consolidation.

These initiatives include actions aimed at modernising the Legislature's normative framework, strengthening its oversight capacity and developing its administrative capacity. To this end, the Congress Modernisation Commission has already started work. This commission reports to the Vice-Presidency of the Republic, and is responsible for co-ordinating and monitoring these activities.

The NIP includes the following activities to modernise Congress:

- a) Normative framework: This involves drawing up and approving new General Regulations for the Senate and making adjustments to the General Regulations for the Chamber of Deputies.

In this same framework it is planned to draw up regulations for certain general legislative procedures such as the consideration of laws by Congressional Commissions. These commissions will convene Public Hearings to debate proposed legislation and for the approval of each year's Public Budget.

9<sup>th</sup> International Anti-Corruption Conference (IACC), 10-15 October, 1999, Durban, South Africa

- b) Strengthening of Congress's oversight capacity: This includes designing a modern legislative research and advice system and carrying out a project to gather information in the regions.
- c) Administrative modernisation: This provides for the administrative reorganisation of Congress, the creation of a career structure for civil servants in both chambers and the introduction of a new Congressional Constitutional Law.
- d) Information systems: This aims to achieve greater transparency in legislative management and establish mechanisms for the Legislature to relate to civil society, through access to the "virtual Congress" and all the laws debated in this power of State.

### **C. The Fight Against Corruption**

The two components described above are aimed at attacking the conditions that currently encourage corrupt practices in public administration. As a result, in the medium and long term it will be possible to create a new culture that consolidates a more honest and efficient administration.

However, in the short term it is essential to take forward certain specific measures to combat this problem directly in a more focused way. These actions should give out concrete signals to citizens, in order to restore their confidence in the institutions and the democratic system itself.

The measures proposed in this area do not aim to persecute or repress corrupt public servants, since this should take place as a result of the functioning of the administrative systems and the judicial system. On the contrary, these measures have been designed for the purpose of providing the State, in the short term, with the minimum capacity it needs to prevent and detect problems of corruption and, if necessary, bring them to trial by means of the relevant mechanisms for doing so.

The main measures that have been identified are:

#### **Bring into force the normative framework for the Fight Against Corruption**

To make explicit Bolivia's determination to combat corruption, it will be necessary to have a specific normative framework setting out the objectives of this process and the ways in which it will be carried out. In fact, Bolivia already has a sufficiently explicit set of norms that propose actions to combat corruption in the framework of an international agreement. This document is the Inter-American Anti-Corruption Convention, which was signed by OAS member countries in March 1996 and ratified as a Law of the Republic by the Bolivian Congress in January 1997.

This document proposes precise actions that should be provided with regulations and implemented through this component of the NIP.

It is important to sustain and give continuity to the intention already expressed during a previous parliament when it approved this key normative framework. What remains to be done now is to publicise it and apply it fully within the framework of this Plan.

### **Approve the Civil Service Statute and the Code of Ethics for public servants**

Articles 43 and 44 of the Bolivian Constitution, approved in 1967, stipulate that a law should create a Civil Service Statute, based on one “fundamental principle: that civil servants and public employees serve the interests of society exclusively, not the interests of any particular group or political party.” These articles also state that this Statute will define the rights and duties of civil servants and make provisions to guarantee the administrative profession and the dignity and efficacy of the civil service.

To comply with this constitutional precept and with the objective of creating the normative foundations on which the administrative profession and the civil service rest, the NIP will promote the approval of the Civil Service Statute as a Law of the Republic. This law will establish the incentives, rights and obligations of public servants at all ranks and levels.

Incentives and rights will relate to the job stability public servants need and establish clear norms for salary levels and the working conditions the State should provide to all its employees. This will enable them to adhere strictly to the law while performing their duties, without any sort of interference or discrimination. Obligations will relate to the integrity, honesty and vocation for service that ought to characterise the behaviour of public servants to the benefit of society as a whole.

As a complementary measure, the NIP will promote the approval of a Code of Ethics for those who serve the State. All public sector employees should adhere to this code. It will establish the ethical service norms that the citizen will be able to demand from civil servants. This will bring about a change in the arrogance, negligence, discrimination and inefficiency that characterise their behaviour today.

To achieve absolute independence in personnel management, the General Civil Service Superintendency will be set up. This autonomous and independent body will supervise the structure and management of the administrative profession in public institutions. It will ensure that the principles of efficiency and efficacy in the civil service are applied, supervise the achievement of results by management, and see to it that the dignity and rights of public servants are respected.

### **Implement an Assets and Income Declaration System for public officials**

One of the aspects envisaged in the Inter-American Anti-Corruption Convention relates to the need to establish mechanisms to control the possibility of illicit enrichment by State employees.

At the moment the high dignitaries of the State (the President, Vice-President, Ministers and Vice-Ministers) and other authorities present sworn declarations of their assets to the Comptroller General's Office, both at the time they are appointed and at the end of their mandate.

While it is important to maintain this institutionalised practice, there is also a need to draw up precise rules about the scope these sworn declarations should have. The practice should also be extended to include all public officials who exercise any sort of executive responsibility in State administration.

For this purpose, the NIP will encourage the Comptroller General's Office to draw up regulations establishing the public status of the sworn declarations of assets and income, and widen its coverage to all levels of executive responsibility. It should also establish an information and monitoring system, so that the declarations are updated at least every two years and possible cases of illicit enrichment are identified.

### **Strengthen the mechanisms for denouncing, investigating and prosecuting cases of corruption**

According to the surveys described in the background section, it is clear that the greatest deficiencies in dealing with cases of corruption in Bolivia do not have to do with the lack of legislation or classification of crimes. Instead, they have to do with the inadequate application of the laws that exist to sanction cases of corruption or the failure to enforce these laws.

This is the phenomenon that gives rise to impunity and generates insecurity and a lack of confidence in the State's ability to control such behaviour. Impunity itself becomes an incentive that foments greater corruption, giving rise to a cynical attitude, both on the part of civil servants who understand that corrupt practices are always an option, and on the part of citizens, who resign themselves to accepting that things can only function in this way.

Consequently, it is clear that in order to solve this structural problem, there is a need to establish and strengthen those institutions that will be responsible for identifying and investigating cases of corruption, bringing charges, taking them to court and ensuring that sanctions are effectively applied against the corrupt.

In the past attempts have been made to create institutions or offices in the departments of State to undertake these tasks. However, the results have not been very encouraging.

Given the need to implement a program aimed at consolidating the country's institutions, the NIP proposes to strengthen the institutions that are legally competent to act in these areas, and establish specific programs to combat corruption in each of them. The following objectives have been set:

- a) **Strengthen the People's Defender's Office** as the mechanism for receiving denunciations and investigating cases of corruption in public administration.

Since this is a new institution and its independence is recognised, the People's Defender's Office could act as a denunciations channel open to the general public so that citizens can denounce cases of corruption. This necessarily implies developing a specific institutional capacity enabling it to initiate preliminary investigation processes and determine the origin and source of the denunciations. According to the characteristics of the cases reported, the People's Defender could reject the denunciations or send them, together with the necessary documentation, to the Attorney General's Office or the Comptroller General's Office, depending on the case.

- b) **Strengthen the oversight functions of the Comptroller General's Office**

With the aim of supporting the institutional status of the Comptroller General's Office, which is independent from the Executive and whose efficiency is recognised both nationally and internationally, there is a need to complement and reinforce the work of the Comptroller General's Office.

To achieve this, the proposal is to undertake a program to strengthen the institutions' control systems. This will be co-ordinated and led by the Comptroller General's Office. The program will develop public institutions' preventive capabilities by applying the audits and controls established by the SAFCO Law.

Likewise, there is a need to strengthen the capacity of the Comptroller General's Office itself and that of its specialised units, so that in cases where problems of corruption are detected and those responsible are identified, the preparation and documentation needed to prosecute them can be undertaken in full. This will facilitate the accusatory role the relevant institutions must assume against those implicated.

It will be possible to accomplish this objective by introducing and implementing a development and training program in the Comptroller General's Office on Fraud Investigation (Forensic Audits). This is a mechanism for gathering evidence by means of detailed investigations. The evidence can then be used to apply the relevant sanctions in effectively proven cases of corruption.

- c) **Create and strengthen a State Prosecutor's Office**

Finally, to complete the institutional framework that will take on the responsibility for dealing with and prosecuting cases of corruption, the institution responsible for acting in the role of prosecutor to defend the State's interests will need to have the sufficient technical and operational

9<sup>th</sup> International Anti-Corruption Conference (IACC), 10-15 October, 1999, Durban, South Africa

capacity to bring cases to trial and ensure that the court passes sentence with the sanctions needed to punish the crimes of corruption.

To fulfil this objective, the NIP will promote the creation of a State Prosecutor's Office. It will be provided with the technical staff and resources needed to prepare the prosecution's case and ensure that it is properly documented, both legally and administratively. As a result, specialised professionals will be able to conduct the prosecution's case against corrupt State employees efficiently in the relevant courts.

A strengthening program will also be taken forward at the level of Congressional Commissions, since Congress governs the Attorney General's Office. This program will enable Special Prosecutors to be appointed to prosecute those cases in which State dignitaries or members of parliament themselves are involved.

### **Make the Norms for Contracting Goods and Services for the Public Sector (Public Bidding) more transparent**

One of the areas most vulnerable to corrupt practices is that of the public bidding system used by public institutions to purchase goods and contract services.

The phenomenon of bribery between officials in the public bodies contracting such services and the companies providing them, the practice of extorting money from supplier companies to obtain illicit gratuities, faulty quality controls on the goods and services purchased by the public sector in exchange for bribes and other forms of corruption are all common in the way the public sector functions.

Attempts have been made in the past to rectify these problems, with partial success. The most specific of these measures was implemented from 1987 to 1995. During that time, the government used to contract Specialised International Agencies to deal with service contracts and purchases for the public sector.

This mechanism of public bidding through agencies was introduced as a temporary measure until the State had been provided with specific norms for such procedures, within the framework of the SAFCO Law. The first version of these norms was established in the form of the Basic Norms for the Goods and Services Administration System, enacted by way of a Supreme Resolution in 1995. These norms were updated in 1996 and it is planned to modify them again shortly.

As a result of the surveys carried out with the private sector in December 1997 and the experience the country has gained in the last few years, the NIP proposes modifying the Basic Norms for the Goods and Services Administration System in the following ways:

- a) Provide for an External Advisory Commission to be appointed for each public bidding round. This Commission will analyse the relevant administrative procedures used and will be authorised to recommend and be informed of resolutions.
- b) Establish that all public bidding processes or direct invitations to bid will be completely public. The institutions calling for bids must publish the composition of the judging committee at the same time. Afterwards, they must report on the progress of every stage in the assessment and award process.
- c) Provide the Finance Ministry, in its capacity as the System's Governing Body, with the authority and responsibility to maintain a data base of public bidding rounds and the corresponding awards, which will be made public. It will also be obliged to install and maintain a data base of price references for the main supplies purchased by the public sector, in order to evaluate the efficiency of purchases and detect possible purchases of over-priced goods and services.
- d) Develop appropriate mechanisms to make the Basic Norms for the Goods and Services Administration System known to businesses and the public sector's potential suppliers and to the officials responsible for purchases and service contracts in the institutions. Economic sanctions against companies involved in cases of corruption will be established.

### **Modernise the public sector's tax collection systems**

As the public opinion surveys show, the tax collection services in Customs and the Internal Revenue are characterised by a lack of transparency and a high level of political interference.

Nevertheless, significant efforts have been made to modernise these tax collection services. Tax reform was introduced in 1986 and has enabled important progress to be made, particularly in the National Internal Revenue Service.

Reform programs were also implemented in the customs service, but did not have much of an impact or achieve many results in modernising the institution. Therefore, serious administrative problems and high levels of tax evasion still persist today, as a consequence of the lack of transparent systems for handling foreign trade.

This is why one of the NIP's central objectives aims to provide structural solutions to the administrative deficiencies in the institutions responsible for tax collection. These deficiencies give rise to administrative corruption practices that damage the State economically and have repercussions on fiscal income, which is still at a low level.

The measures envisaged in this area are:

- a) Bring into operation a Contingency Plan to recover administrative control at border customs posts, eliminate the so-called “supernumerary” officials who provide services *ad honorem* at these posts, and initiate an institutionalisation and modernisation process in Customs.
- b) Introduce specific mechanisms for receiving denunciations and regulate administrative procedures to deal with them and sanction those responsible. Create a special unit to monitor cases of corruption and maintain a data base of them, making the information public.
- c) Introduce the “principle of good faith” in the procedures citizens have to go through in the customs service for imports and customs clearance.
- d) Establish a special administrative career structure in the tax collection and customs services.
- e) Bring into force and, in the case of the Internal Revenue, restore, human resources assessment and recruitment systems based on technical criteria and professional merit. Also, establish a wage incentive system for new technical staff based on the criteria of productivity and results evaluation.
- f) Implement modern computerised information systems that leave no room for discretionary practices by officials and enable most processes to be computerised. Consolidate the introduction of the new systems in the case of the Internal Revenue.
- g) Promote the participation of the private sector in the administrative procedures that can be delegated and that prove to be most effective and transparent.
- h) Promote the creation of integration and co-ordination mechanisms between the Internal Revenue and Customs services, leading to the implementation of systems to cross-reference information that will optimise tax evasion controls, particularly in *ex post* oversight and control functions.
- i) Implement the Institutional Reform Program in the Internal Revenue and Customs services, applying the criteria of Public Management by Results.

One of the forms of corruption perceived most directly by the public in daily life is that which relates to the bureaucratic procedures, authorisations and records people have to request in public offices, at the national, departmental and municipal levels.

The academic theory that has been developed about administrative corruption indicates that such practices occur when public officials are awarded wide possibilities for exercising discretion in the

decisions they take, when they have a monopoly on the services they can provide to the client and when there are insufficient control mechanisms to guarantee transparency in the performance of their duties.

This is why there is a need to develop specific measures to modernise these public bureaucratic procedures, make them more efficient and minimise the conditions that encourage or create a favourable atmosphere for corruption in such processes.

In addition, the public opinion surveys have provided evidence that people are concerned about the existence of institutionalised corruption in some of the most common bureaucratic procedures. This obliges people to contract the services of a facilitator or “go-between”, implying an implicit acceptance of this type of practices. These bureaucratic procedures take place both at the level of central government institutions and in prefectures, local governments and universities.

In this context, the NIP suggests the need to initiate a process to simplify and modernise the bureaucratic procedures in public offices by adopting certain measures of a general nature and implementing programs to re-engineer and individually computerise those procedures identified as the most corrupt.

These measures will involve:

- a) Introducing the “principle of good faith” in public procedures and records. Following a legal study of each case, this implies eliminating the unnecessary controls and steps in the bureaucratic procedures, records and authorisations dealt with by public institutions (legalisation of documents, the obligation for individuals to present themselves in person, authorisation stamps, multiple signatures, and the requirement that documents are handed over repeatedly, amongst others), on the assumption that clients and citizens needing to go through these procedures are doing so in good faith.
- b) Applying the principle of “positive administrative silence”, also on the basis of an evaluation of each case. This implies that any request will be considered to be valid and accepted unless the institution or competent official makes an observation to the contrary or rejects it before a previously established deadline.
- c) Introducing a measure that obliges all public offices to provide client service windows. These will provide all the necessary information about the steps involved, costs, officials responsible and time periods within which the procedures the office deals with should be completed. In addition, mechanisms will be put in place for dealing with complaints and allegations of bad treatment and cases of corruption.

- d) Creation of a bureaucratic procedures simplification office in the Ministry of the Presidency. The purpose of this office will be to identify those procedures that are perceived to be most corrupt. It will also exercise a supervisory function, ensuring that the modernisation programs are applied in the relevant offices.

### **Undertake a citizen education and awareness-raising campaign**

The sustainability of the actions that can be undertaken in the fight against corruption and the institutional development of the State will depend on the possibility of reinforcing certain values and principles in society and educating the next generation.

This is why the NIP also includes the design and implementation of a widespread education and awareness-raising campaign aimed at the general public, in order to develop these values and principles.

The education campaign will inform citizens about the limits of discretionary powers in public administration and the difference between public and private spaces that should be respected in a state of law.

Awareness-raising will aim to develop the values of respect for what is public, condemnation of behaviour that takes illicit advantage of power, and the citizen's right to receive a proper service from the State.

The campaign contemplates using both the mass media and alternative media. It will also promote an incentive program for correct civic behaviour, which will award recognition to citizens who exercise their rights and obligations effectively.

## **VII. Introduction Strategy**

Due to the NIP's very nature and its sensitiveness, the actions and measures designed to introduce it require the committed participation of the different sectors of the State and society. The government cannot undertake this task on its own. It needs to be able to count on the participation of all sectors involved in the institution-building process, which is in the interests of the whole country.

What is required, then, is to establish a "national pact" to introduce the NIP, involving all sectors of the country's social, economic and political life. The application of an agreement of this nature requires the design of an implementation strategy for the NIP, based on the application of five principles:

- A. Prioritisation on the public agenda

- B. Social participation[ 1]
- C. Integrated vision
- D. Gradual application
- E. Decentralised implementation

#### **A. Prioritisation on the public agenda**

One reason why the country's institutional development policies have not been applied as quickly as other reforms is that at no time have they been paid the necessary attention. Neither have they been awarded sufficient priority for policies and programs in this area to be implemented.

To take forward an integrated institutional development plan that will have a systematic effect on the corruption structures that exist in public administration, it will be necessary to treat it as an effective priority on the public policy agenda.

To achieve this prioritisation, the national government co-ordinated with other state institutions to arrange for a National Integrity Commission to be set up. This commission is responsible for co-ordinating and monitoring the application of the NIP, and for co-ordinating and reaching consensus on it with other institutions in civil society.

In the area of the fight against corruption, there is a need to count on widespread participation by society in the tasks defined by the NIP. It is therefore essential to give the Plan the highest level of credibility, so that all these sectors can effectively commit themselves to participate.

Applying the anti-corruption strategies contained in the Plan will be a difficult task, considering the few institutions that enjoy society's trust and confidence. Indeed, even though the government demonstrates its absolute determination to implement the Plan, it still requires the support and active participation of civil society.

This context suggests the need to set up a National Integrity Plan Council. The members of this council will be recognised personalities from civil society and its mission will be to advise, review and co-ordinate the activities of the National Integrity Commission with regard to implementing the Plan's measures. The council should provide for workshops and discussion activities to be held with other sectors of civil society, in order to promote co-ordinated actions in the fight against corruption.

The National Integrity Workshop should be institutionalised as a mechanism to bring about civil society's participation. It should be consolidated as the means for the different sectors of civil society to participate regularly and reach consensus among themselves.

In addition, a fund will be set up to support civil society's initiatives in the fight against corruption. It

will be used to fund projects aimed at combating corruption.

### **C. Integrated vision**

To address the complex problem of corruption successfully, an integrated vision of the phenomenon is required. Even though experts on the subject recognise the peculiarities of each country in the preparation of an anti-corruption strategy, they recommend discarding partial analyses of the issue, since these can lead to the preparation of a mistaken strategy. Corruption therefore needs to be addressed by way of a multidisciplinary approach.

This is why the principle of an integrated vision of the Plan is proposed. This means integrating the efforts undertaken so far and the initiatives and programs planned to be taken forward in areas linked to institutional development and the fight against corruption, in a single national vision of the problem around the National Integrity Plan.

As described in the background section, a set of programs is already underway. These programs are receiving funding and assistance from different organisations and sources. They partially address the issues involved in strengthening state institutions, developing the legal system, establishing management norms and systems, strengthening the democratic system and governability, etc. All these efforts, together with other initiatives by civil society (the church, private companies, NGOs, etc) are invited to form part of the NIP, within the framework of the integrated vision principle.

### **D. Gradual application**

Institutional development and the fight against corruption are structural aspects. They relate not only to mechanisms of an administrative and normative nature, but also to the country's social, economic, political and legal structures. The solution to this problem necessarily involves affecting the structures that sustain it. This implies that any measure that is proposed to overcome this problem must be understood as a long-term strategy.

It is therefore advisable that the strategy to be adopted should be applied gradually. This will enable progress to be made in specific areas, with measurable effects and a strong impact on politics and public opinion.

It is envisaged that these actions will be applied over a 10 year period, or two government terms. This will give continuity to the implementation of the tasks set out in the NIP, so that they can become sustainable and effective changes can be perceived in the structures upon which the country's institutions are based. The "pact" and co-ordination are essential to comply with the principle of a gradual application of the strategy.

## **E. Decentralised implementation**

Due to the integrated nature that should characterise the actions involved in institutional development and the fight against corruption, it is difficult to think of the possibility of assigning responsibility for implementing this Plan to just one institution or sector, whether in the government or civil society.

This is why there is also a need to allocate roles to every one of the participating sectors. This will enable the introduction and implementation of the measures envisaged in the Plan to be taken forward under the responsibility of the institutions in each area.

It would be less than consistent to think of implementing an institutional development process, such as the one it is proposed to encourage with the introduction of the NIP, through agents extraneous to the institutions that will be modernised. Therefore, it is also necessary for the institutions to correct and modernise themselves, internalising the new principles and values promoted by the NIP and effectively fulfilling the role assigned to them.

Consequently, the implementation of the Plan will be done in a decentralised way. The body set up to promote the Plan should be provided with at least the minimum number of mechanisms it needs to undertake proper monitoring of the implementation of the activities envisaged in the Plan. But responsibility for the effective application of these activities will fall to each of the institutions involved, within the framework of the principle of decentralised implementation.

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