
PACT
Programme for Accountability and Transparency
BI-ANNUAL REPORT 1998

PACT Global Secretariat
UNDP/MDGD, 20th Floor, DC1-2082/2084/2084A
One United Nations Plaza
44th Street & 1st Avenue
New York, NY 10017, USA
tel: (212) 906-5094/5027/5349
fax: (212) 906-5023
email: fred.schenkelaars@undp.org
<http://magnet.undp.org/Docs/efa>
contacts: Fred Schenkelaars, Ato Gharthey and Pauline Tamesis

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Bi-Annual Report 1998

The Programme for Accountability and Transparency of the Management Development and Governance Division of UNDP is pleased to present this report on its performance for the first six months of 1998.

Overview of the Past Six Months

For the first six months of 1998, PACT continued its strong momentum, setting into action plans and programmes developed in the past year. In 1998, PACT responded to a heavy demand for its products and services in the area of anti-corruption and integrity improvement. In order to strategically address this demand, the PACT team devoted some time to develop a corporate position paper on corruption. The paper, *Fighting Corruption Through Good Governance*, provides the framework for UNDP's approach and

strategy to address the problem of corruption. It also aims to strengthen coordination and collaborative activities within the various bureaus and units of UNDP, as well as with other international development organizations.

The past six months has also seen the active implementation of the regional strategy for financial accountability in governance in the CEE & CIS countries, directed by the PACT-Bratislava office. Of the six needs assessment missions planned for the year, five have started with the conduct of "quick scan" (or diagnostic) missions to Azerbaijan, Slovak Republic, Poland, Ukraine and Moldova. In June, PACT Bratislava also organized a sub-regional training workshop on audit planning held in Velence, Hungary.

In Africa, the main achievements of the PACT Harare office in the first six months of the year include obtaining approval of the Ministry of Finance, Zimbabwe, to establish a National Working Group with a Secretariat attached to the Ministry of Finance. PACT-Harare also facilitated a survey and workshop on local integrity as a first step in developing a package to combat corruption and improving financial management in local administration.

Highlights of PACT's activities and accomplishments in the initial six months of 1998 include:

Operationalizing the PACT integrity improvement initiative, including the publication of the *Corruption and Integrity Improvement Initiatives in Developing Countries* (June), development of an internal corporate position paper on corruption and conduct of the first phase of the joint UNDP and OECD Development Centre research project;

Implementing the regional strategy on accountability and transparency in for economies in transition in Central and Eastern Europe and the CIS;

Pilot-testing and fine-tuning of CONTACT (country assessment mission guidelines) in Azerbaijan, Chad, Moldova, Poland, Slovak Republic, Ukraine, and Yemen; including its translation into French and Russian;

Organizing the 3rd Annual Global PACT Workshop on Financial Accountability and Transparency (Bangkok, July 1998), which resulted among other, into building the constituency base of PACT in Asia and discussions to re-defining the PACT strategy and approach to include political and administrative accountability;

Supporting **training programmes to raise awareness on the critical importance of managing information as an asset in Latin America and the Caribbean and Africa**, and developing the professional capacity to deliver efficient and effective public sector records system (ICA/IRMT);

Providing financial assistance in the **development of coherent and internationally accepted accounting guidelines for the public sector** (IFAC).

With the rapid expansion of its activities and programmes, PACT is strategically recruiting staff to implement its plans. In Harare, PACT expanded its staff with a National Programme Officer (Alan Muzanhamo) and an Associate Expert (Thomas Kerscher). The regional programme specialist for the PACT programme in Asia, to be based in Islamabad, Pakistan, is currently under recruitment.

For the rest of the year, PACT looks forward to enriching its expertise and experience as the UNDP focal point in integrity improvement (or anti-corruption). PACT will be working with a number of select country offices to develop capacities in anti-corruption reform strategies. It will also focus on the conduct of the joint UNDP/OECD comparative case study on anti-corruption in six countries. PACT also looks forward to developing a regional strategy for anti-corruption in the CEE & CIS region. Before the end of the year, PACT envisions to have developed a revised strategy and approach for the programme, which puts into

better focus its work in anti-corruption, under the over-all mandate of political, administrative and financial accountability. PACT is also keen to facilitate the conduct of a joint evaluation by the governments of Denmark and the Netherlands on the results and impact of its work in the last three years.

In the following year, PACT hopes to further refine the CONTACT guidelines to include the additional modules on political and administrative accountability. By 1999, PACT looks forward to the development of 10 country-anchored programmes in accountability and transparency, and to transform knowledge generated from this experience into global learning and best practices.

What is PACT?

The Programme for Accountability and Transparency (PACT) aims to build and strengthen capacities to improve accountability and transparency in the financial, political and administrative spheres, thereby creating an enabling environment for good governance. In close partnership with other stakeholders in accountability, interventions take place at the global, regional, and country levels, with focus on:

supporting key international networks and professional institutions, and building alliances among critical stakeholders;
analyzing, synthesizing, and developing new strategies and approaches for stronger and more effective accountability mechanisms and systems; and pilot-testing innovative tools and packaging best practices in accountability, transparency and integrity improvement.

The programme supports and complements good governance efforts and initiatives, through two main components: (1) financial management and accountability systems, and (2) integrity improvement (anti-corruption) initiatives. Financial accountability is approached through records management, accounting, and external Auditing. Records Management forms the foundation for accounting and provides the audit trail for both internal and external audit and a basis for performance review, appraisal and evaluation. Accounting includes planning and budgeting, revenue and expenditure management, internal control and internal auditing, and financial management. External auditing refers to independent professional review and appraisal of accountability inputs, outputs and outcomes.

Integrity improvement initiatives approaches corruption as a problem of poor governance and is addressed in four ways:

- *providing support through institutional development and reform
- *creating efficient public and private sector management systems

- *facilitating participation in decision making and governance

- *building partnerships and encouraging closer co-operation with international and local organizations

Activities and Accomplishments in the First Six Months of 1998

Global Initiatives

1. 3rd Annual PACT Global Workshop on Financial Accountability and Transparency, 2-3 July 1998, Bangkok

The 3rd Annual Global Workshop on Financial Accountability and Transparency was held in Bangkok, Thailand on 2-3 July 1998. The UNDP Programme for Accountability & Transparency (PACT), organized

the workshop in collaboration with the UN Office for Project Services (UNOPS) and UNDP Thailand. It aimed to provide a forum for exchange of cutting-edge ideas, emerging trends, experiences and best practices among representatives of key stakeholders in accountability and transparency. This year's workshop focused on:

- discussing key issues and new developments in the area of financial management, accountability and transparency, focusing on concrete country and regional experiences;
- reviewing and analyzing factors, tools and resources that facilitate financial accountability and transparency;
- identifying existing and potential areas of intra- and inter-regional cooperation in promoting accountability and transparency; and
- enhancing the understanding of accountability and transparency as a key to good governance and ultimately, achieving the goals of sustainable human development.

The workshop immediately followed the *Regional Workshop on Integrity in Governance in Asia* organized jointly by the Management Development and Governance Division (MDGD) and the Regional Bureau for Asia and the Pacific (RBAP) of UNDP. PACT also used this opportunity to establish the base for a regional programme in accountability and transparency in Asia.

In the two days of the workshop, a wealth of knowledge and information was shared in the various areas that comprise financial accountability and transparency. Issues discussed covered: formulating an accountability framework including records management; establishing working models of regional collaboration, developments in international accounting and auditing standards, financial government management systems and information technology, measuring performance in development assistance programmes to promote effectiveness and accountability, and new perspectives in integrity improvement (or anti-corruption) initiatives.

In summary, the general consensus from the workshop revealed:

- That accountability and transparency are relative concepts applicable to specified purposes and circumstances.
- The purpose of accountability is not to apportion blame but to seek and obtain objective explanations and reports on actions of anyone handling resources, public office or any other position of trust.
- Combating corruption and improving integrity have economic, political, social and administrative dimensions. They also have direct implications for reducing poverty and protecting the environment, both of which are particularly vulnerable to the corrupt practices. Though it was not discussed in the workshop, evidence suggests that corruption widen the gender gap.
- Accountability and transparency could be an entry point to introducing reforms at the entity and systemic levels all leading to changes in individual behavior.

The over-all feedback about the workshop was overwhelmingly positive and enthusiastic. The participants found the workshop well organized, with stimulating discussions and high quality presentations. In addition, it brought together all the partners who had the opportunity to discuss and share ideas and lessons learned.

2. CONTACT – Revision, Field Testing and Translation

PACT continuously refining its internally developed tool, CONTACT (Country Assessment in Accountability and Transparency), after field-testing in each of the countries it is currently working. In 1998, CONTACT has been used in PACT's diagnostic and full-programming missions in: Azerbaijan, Chad, Moldova, Poland, Slovak Republic, Ukraine, and Yemen. CONTACT was also translated and adapted into French because of its extensive use in Chad. Parts were also translated into Russian, for use in the countries of the CEE & CIS region.

In February 1998, the additional chapters of records management and the legal environment to support the financial management systems were incorporated in the draft mission guidelines. These chapters were finalized and pilot-tested in Gambia, in cooperation with the International Records Management Trust (IRMT).

What is CONTACT?

CONTACT, Country Assessments in Accountability and Transparency, is a set of mission guidelines for undertaking assessments of a country's public financial systems. These guidelines are intended as a tool to review the effectiveness of the financial accountability aspects in a country's public sector. From this an assessment will be developed to accompany the recommendations of how the financial management and audit functions can be improved in the public sector. Conclusions and recommendations from the use of CONTACT, including any requirements for technical assistance will result from an assessment of:

- the environment of managerial control;
- the existing structure and effectiveness of the management of finances, accounting, planning and budgeting;
- the human resource and training needs in all areas of financial management and audit; and
- the need to introduce information technology, and if so, to what extent and form.

Apart from being used in fact-finding missions, CONTACT will also be useful for quality control and for performance/task measurement criteria. These salient conclusions and recommendations maybe consolidated in a draft project document for UNDP support in strengthening government's capacity in accounting financial management and audit functions.

3. Integrity Improvement Initiative

a. Joint UNDP/OECD Comparative Case Study on Corruption

PACT and the OECD Development Centre are jointly undertaking a research project on anti-corruption strategies and actions. This project will analyze, in a comparative manner, the anti-corruption efforts of governmental and non-governmental actors in six countries: Benin, Bolivia, Morocco, Pakistan, Philippines, and Tanzania.

Each of the country studies will include three elements:

an analysis of the corruption problem;

an assessment of the national context for corruption and analysis of the actions recently taken by governmental and non-governmental actors to fight against corruption; and the focused analyses of two particular corruption problems (e.g., corruption in customs administration, public procurement): causes, environment, actions taken, difficulties and blockages.

The over-all objective of this project is to identify organizational reforms and economic policies, adapted to the context of developing countries, which can contribute to the reduction of corruption. This project will improve knowledge of effective measures to curb corruption in developing countries, and improve capacity to design anti-corruption strategies adapted to national contexts. It will also contribute directly to the empirical and theoretical study of corruption, and provide information to facilitate follow-up action.

The project will be conducted in two phases, the first will cover an over-all assessment of anti-corruption reforms in the six countries, while the second phase will provide an in-depth study of two particular problem areas vulnerable to corruption. The first phase is underway in Benin, Pakistan and the Philippines, with results expected by October 1998.

b. Corruption and Integrity Improvement Initiatives in Developing Countries (June 1998, 174 pps.)

Publication of this book, *Corruption and Integrity Improvement Initiatives in Developing Countries*, follows an international conference in Paris on the same theme, jointly organized by PACT and the OECD Development Centre. The book offers views of eminent international thinkers and practitioners on how to reduce and eventually eliminate corruption. *Corruption and Integrity Improvement Initiatives In Developing Countries* shows that, while helpful, democracy is by no means a cure for corruption, nor is economic liberalisation a panacea for ending public sector crime. The contributors call for strategies that combine law enforcement, prevention through institutional reforms and public support. A strong correlation between successful anti-corruption programmes and civil liberties is demonstrated throughout the book.

The book will be widely distributed to members of government and representatives of civil society organizations (CSOs), academe, international and regional development agencies, as well as the private sector, through assistance of the UNDP country offices. A media launch is planned in New York in September.

c. Corporate Position Paper: Fighting Corruption Through Good Governance (July 1998)

Fighting Corruption Through Good Governance, is the UNDP corporate position on corruption. The document provides the framework for a cohesive and comprehensive approach in minimizing corruption as a critical component of its mission to alleviate poverty and achieve social and people-centered development.

In the fight against corruption, UNDP aims to strengthen its role in facilitating the involvement of civil society and the private sector in policy development and in the management of development resources that enhances transparency and accountability of economic and financial management processes. In this endeavour, UNDP will work with key partners and coalitions, facilitate policy dialogue that brings together stakeholders and beneficiaries, and introduce reform in a phased, systemic manner in the countries that it works with for capacity and institutional building. Furthermore, by taking the lead in aid co-ordination processes, UNDP will also advocate its approaches, shape policy and help mobilize resources for national programmes that improve integrity in governance. UNDP's approach will be flexible and carefully consider the different country needs and priorities, and ensure that responsibilities are clearly defined.

This corporate position paper was approved by the UNDP Executive Committee in July 1998, and is currently being finalized to incorporate revisions by the Committee.

d. Regional Workshop on Integrity in Governance in Asia, 29 June to 1 July 1998, Bangkok

PACT provided technical assistance in the organization of the *Regional Workshop on Integrity in Governance in Asia*, held in Bangkok on 29 June to 1 July 1998. The workshop was a joint activity of the Management Development and Governance Division (MDGD) and the Regional Bureau for Asia and the Pacific (RBAP) under the Regional Programme for Governance in Asia and the Pacific. By linking its annual global workshop to this activity, PACT was able to generate synergy, specifically on the increasingly important issue of corruption and integrity improvement. Experts and resource speakers on

accountability, transparency and integrity were able to contribute to both workshops, thereby expanding the discussions and allowing greater linkages.

The primary output of the workshop was the adoption of an action plan for follow-up activities at both the national and regional level. The action plan aims to raise awareness of the need for enhanced transparency and accountability in governance and to promote networking among citizens, parliamentarians, policy-makers, and other stakeholders. Workshop participants recommended that the following five-pronged approach should be initiated at the national, sub-regional and regional level:

- Networking of government leaders, parliamentarians, civil society organizations, judicial officers, intellectuals and the media at the national and sub-regional level;
- Dissemination of information on special efforts and best practices at the country level to promote transparency and accountability in both the public and the private sectors;
- Support to national programmes to simplify rules and procedures in the public sector;
- A series of national/sub-regional forums and meetings to raise awareness on integrity in governance and to foster action at the country level;
- Support for educational programmes and the development of curricula in schools and universities to promote understanding of integrity.

The above strategy could serve as an entry point for individual countries to formulate programmes and projects specifically suited to their own unique settings. (*A full workshop report including the action plan can be obtained upon request.*)

e. Anti-Corruption Summit, 2-4 April 1998, Miami, USA

PACT attended the Anti-Corruption Summit held in Miami last 2-4 April 1998, and used this opportunity to provide more information about UNDP's growing programme in anti-corruption and integrity improvement. In the eleven panels throughout the three-day event, participants explored corruption in Latin America, the role of corruption in the Asian financial crisis, money laundering, corruption in municipal governments and criteria for successful strategies to curb corruption. Participants included government officials, economists, anti-corruption experts, international donor representatives and academics. The Summit was organized by the International Anti-Corruption Forum in collaboration with the International Consortium on Governmental Financial Management and the School of Accounting of Florida University.

f. Mission to the World Bank/EDI and the Asia Foundation, April 1998, Washington, DC

In April, PACT visited the Economic Development Institute of the World Bank and the Asia Foundation, as part of its efforts to undertake collaborative activities with key partners in integrity improvement and anti-corruption. Although PACT has been in regular contact with both organizations, the face-to-face visit brought about greater sharing of information and a clearer understanding of areas for strategic cooperation. The visit with EDI resulted in a closer working relationship, particularly in the preparations for the *Regional Integrity Workshop in Governance in Asia* and the *3rd Annual PACT Global Workshop on Financial Accountability and Transparency* both held in Bangkok in late June/early July. In a similar fashion, PACT's visit to the Asia Foundation generated an invitation to participate at the Foundation's annual planning meeting in Bangkok in May, where other international organizations were invited to share information about their anti-corruption programmes.

g. OSCE/OECD Conference on National and International Approaches to Improving

Integrity and Transparency in Government, 15-16 July 1998, Paris

PACT facilitated the participation of a number of UNDP country offices at the OSCE/OECD Conference on *National And International Approaches to Improving*

Integrity and Transparency in Government, scheduled to be held in Paris on 15-16 July 1998. Through PACT's information sharing and networking, representatives from UNDP Romania, UN Department for Economic and Social Affairs (UNDESA) and contacts through UNDP Poland, there was more active participation of UN agencies at this international conference. PACT also contributed in the providing feedback to the programme and agenda of the conference, as well as recommending appropriate speakers and other partner organizations to participate.

4. International Council of Archives (ICA) and International Records Management Trust (IRMT) - Records Management in the Public Sector

PACT provided an additional \$75,000 as follow-up support to the initial \$200,000 contribution to the International Council of Archives (ICA) and the International Records Management Trust (IRMT) to produce a strategic package aimed at raising the awareness of the critical importance of managing information as an asset. The additional funds were targeted for the development and pilot-testing of training tools in Spanish and French. The contribution was specifically earmarked from support of the Netherlands Development Assistance Agency (Neda) to PACT. Subsequently, PACT supported the organization of two seminars planned to take place in Santiago, Chile (June 3-5, 1998) and Ouagadougou, Burkina Faso (March 25-27, 1998). These two seminars aim to bring together archivists and relevant high-level public sector representatives from Latin America and French-speaking Africa, respectively, for the adoption of the Global Strategy Document and of the checklist for assessing the archives-records situation. Total support for the conduct of the two seminars amounted to \$43,320, which covered travel costs for participants from developing countries to attend the seminars, as well as workshop organizing costs.

5. International Federation of Accountants (IFAC) – Standards Project of the Public Sector Committee

In collaboration with the World Bank, the International Monetary Fund, and the Asian Development Bank, UNDP (through PACT) is funding the "Standards Project" of the Public Sector Committee of the International Federation of Accountants (PSC). The Standards Project is intended to come up with Guidelines for Governmental Accounting and Reporting by June 1999, and Public Sector Accounting Standards for use by governments and the Public Sector in the Third World and countries in transition, by November 30, 2001. By virtue of its financial contribution of \$205,000, UNDP/PACT has been granted observer status on the PSC, and has been active in its quarterly scheduled meetings and deliberations.

6. Active Participation in International Committees and Other Fora

a. 2nd Annual Africa Governance Forum, 25 June 1998, Accra, Ghana

The Annual Africa Governance Forums (AGFs) are yearly rounds of conferences on governance in the region. It brings together African Governments and their external partners in a consensus building dialogue. The AGFs derive their mandate from United Nations Special Initiative for Africa (UNISIA), a 10-year plan launched by the United Nations Secretary General to coordinate, leverage, and consolidate the work of the entire UN system, including the World Bank and the International Monetary Fund, in Africa. Within UNISIA, the ECA (United Nations Economic Commission for Africa) and UNDP are mandated to lead consultations on governance, to organize coordinated and collaborative programmes for implementation, and to mobilize resources and political support for good governance. The first forum was held in Addis Ababa, Ethiopia, in July 1997, and the second in Accra, Ghana in June 1998. The third is scheduled to take place in Bamako, Mali, in mid 1999. PACT participated actively in the second forum, which focused on the issues of accountability and transparency. PACT's contribution included participation in the review and

preparation of the working papers and forum report, as well as in the deliberations and discussions at the conference.

b. IAFAD - International Advisory Forum on Accountancy Development, January 1998 Washington, DC and March 1998, New York

A proper accountancy framework and capacity are essential to good governance, economic development, investment and efficient capital markets throughout the world. Achieving that framework in developing and transition countries, requires collaborative efforts by a number of stakeholders and interested parties. Such a group has been formed at the initiative of the International Federation of Accountants. It is known as the International Advisory Forum of Accountancy Development (IAFAD), and is composed of representatives of international development and donor agencies, and international and regional accountancy organizations. UNDP is represented through PACT. The group had its first meeting in Washington, DC, from 20-21 January 1998. At this meeting, it was agreed that a small group (which included PACT) would meet and develop papers for further consideration by IAFAD. This meeting took place in New York on March 6, 1998. The next full meeting of IAFAD has been scheduled in Geneva for September 9, 1998.

c. 15th Session of UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), 11-13 February 1998, Geneva

The ISAR group is composed of experts responsible for formulating accounting standards in their respective countries. They include government and/or professional associations. UN bodies and specialized agencies, intergovernmental organizations, and NGOs participate as observers. PACT represented UNDP at the above meeting, which provided a forum to discuss issues relating to environmental financial accounting and key environmental performance indicators and their relation to financial performance. At the end of the meeting, "A Statement of Position on Environmental Accounting" was issued. The main item on the agenda for next year's meeting will be the "Global Accounting Curriculum and Certification" intended for use in developing countries and economies in transition.

d. Donor Consultative Group on Financial Management Improvements in Latin America and the Caribbean, 30 March Washington, DC and 5 June 1998, New York

PACT assumed an active role in participating in the quarterly meetings of the LAC Donor Consultative Group (DCG) on Accountability/Anti Corruption, by assuming full-member status with the group. At each of the quarterly meetings, PACT had been represented, providing updates and new information on its activities in financial management and anti-corruption. At the June meeting held at the UN Headquarters, PACT provided a formal presentation on the programme. In these meetings, PACT has been successful in establishing closer linkages and achieving greater collaboration with other international organizations, particularly with the USAID and World Bank/EDI.

Regional Programmes

1. PACT Regional Office – Bratislava, Slovak Republic

a. An Outline of a Five-year Strategy to Enhance Accountability and Transparency in the Countries of CEE and CIS

PACT Bratislava has developed an outline for a five-year strategy to enhance accountability and transparency in the CEE & CIS region. It is a multi-step process that requires a long-term approach with set short term action plans that merge into, and complement each other. Each subsequent step builds on the preceding one. The first three years will be utilized to conduct concrete actions focused on the key tenets of the accountability process, i.e. records management, accounting and auditing with the fourth and fifth year concentrating on the legislative process. The consolidated results of the above approach will form the building blocks to develop an effective strategy to enhance integrity in the public sector. In year 1, the focus will be on supreme audit institutions as the entry point for building accountability and transparency in

transition economies (*A brief framework is given below, however a full programme is available upon request.*)

b. Sub-Regional Training for Start-Up Supreme Audit Institutions, Velence, Hungary, 15-16 June 1998

In the first six months of 1998, PACT Bratislava has conducted one sub-regional training session. On 15 and 16 June 1998, PACT organized a training session for twelve start-up supreme audit institutions (SAIs) on the topic of audit planning. The Audit Office of Hungary hosted the event, and the Government Control and Audit Offices of Hungary, as well as Ernst & Young (Budapest) provided training. The Audit Office and Government Control Office of Hungary shared their experiences in auditing procedures of privatization and on internal control systems, while a Ernst & Young provided training in audit planning.

c. Needs Assessment Missions

A total of six needs assessment missions are planned for this year. Two have been carried out, the first mission was in Azerbaijan in March, and the second in Slovak Republic, the country of residence for PACT-Bratislava. In Azerbaijan, the mission resulted in an action plan for addressing accountability issues and establishment of a SAI in the country. UNDP Azerbaijan is working on the follow-up stage, necessary for further PACT involvement. In Slovakia, PACT will collaborate with the Supreme Audit Office to determine the needs for assistance in developing a university-level accountancy degree in the Slovak Republic. The University of Banska Bystrica requested PACT to assist in developing such a degree. The Ministry of Education has approved the collaboration, which led to the University of Banska Bystrica and PACT signing a memorandum of understanding. The Erasmus University of Rotterdam has been approached to provide inputs, as well as the Dutch government for funding.

Other preparatory activities for a full needs assessment mission were undertaken in the following countries

A mission proposal has been prepared for Moldova. PACT plans to collaborate with the Netherlands Court of Audit, which will make available staff for the needs assessment mission. The mission will be carried out from 22 September to 5 October.

Contacts with the Ukraine have resulted in a brief fact-finding mission. This resulted in establishing links with relevant institutions in the country, as well as identifying a candidate for the position of focal point for PACT anti-corruption activities in the region.

A quick-scan mission was undertaken in Poland. This has resulted in establishing contacts with the institutions involved auditing and accounting, and the offer of the Polish SAI to provide its technical expertise for PACT activities.

A request for PACT involvement in needs assessments mission to four oblasts in the Russian Federation has been received and preparations are underway. The mission is tentatively scheduled for late October, but will be contingent on the political situation in Russia.

A request for a mission to Turkmenistan had been received already in 1997, but due to the political situation, UNDP Turkmenistan advised to postpone a mission until a World Bank designed framework would be in place.

d. Resource- Mobilization, Information Gathering, Networking

Developing networks for information gathering and obtaining specialized personnel, training venues and other substantive inputs were important steps in the first six months of PACT-Bratislava operations. Contacts with a number of potential collaborators and institutions have been established, such as the

European Bank for Reconstruction and Development (EBRD), the Ministry of Foreign Affairs of the Netherlands, the Netherlands Embassy in Bratislava, OECD/SIGMA, and EU PHARE and TACIS. Information about donor policy and priority countries has also been collected. The main purpose of establishing networks and linkages with partner institutions was to ensure that stakeholders' programmes and initiatives will complement and avoid duplication of efforts, thereby creating synergistic to issues of accountability and transparency in the region. This approach also seeks to maximize PACT's limited resources, as well as developing its comparative advantage.

e. Obtaining Technical Expertise

In order to implement planned activities, high quality expertise must be available in a cost-efficient manner. This is the critical mass necessary for PACT's success in the CEE & CIS region. For this reason the following contacts have been established:

National Audit Office of the UK agreed to provide technical expertise for a future needs assessment mission to Georgia, and to the second sub-regional training session for established supreme audit institutions of the region on the topic of Value-for-Money auditing.

The Netherlands Court of Audit will make available its Deputy Director for the needs assessment mission to Moldova (22 September - 5 October).

Meetings with the University of Amsterdam and the Erasmus University (Rotterdam) have taken place to discuss their involvement in setting up an accounting degree at the University of Banska Bystrica (Slovakia).

The Supreme Chamber of Control of Poland agreed to make some of its highly specialized staff available for future needs assessment missions with only staff expenses to be subsidized by PACT.

The Netherlands Economic Institute showed interest in providing input to establishing an accountancy degree at the University of Banska Bystrica (Slovakia).

The Austrian Court of Audit has seconded specialized staff for future PACT missions.

2. PACT Regional Office – Harare, Zimbabwe

In the first half of 1998, PACT Harare has expanded its staff with a National Programme Officer (Alan Muzanhamo) and an Associate Expert (Thomas Kerscher). The office is now fully staffed to deal with the activities it has set out to undertake.

The main achievements of the PACT Harare office in the first six months of the year have been:

- Approval of the Ministry of Finance, Zimbabwe, in establishing a National Working Group with a Secretariat attached to the Ministry of Finance;
- Participating and facilitating a survey and workshop on local integrity as a first step in developing a package to combat corruption and improving financial management in local administration.

a. 22 National Working Groups in Tanzania and Zimbabwe

In its eighteen months of existence, PACT Harare has worked closely in Tanzania and in Zimbabwe, particularly with the government and donor community, in establishing National Working Groups in Financial Management and Accountability (NWG). NWGs serve as a forum for exchanging information on on-going and planned activities supporting empowerment of governments within Planning, Budgeting,

Disbursement, Accounting, Audit, Debt Management and Records Management. In addition, NWGs identify needs and initiate common activities to be funded through a common fund that will be managed by the Ministry of Finance through the NWG Secretariat.

Together with the Secretariat of the Aid Management and Accountability Programme (AMAP) in the Ministry of Finance, Tanzania, PACT Harare has developed terms of reference (TOR) for the national and regional working groups. In August 1997, the government approved the establishment of the NWG for Tanzania.

In Zimbabwe, the concept was endorsed in May 1998, and PACT Harare has further expanded the conceptual papers with a procedures paper for the NWG and on the responsibilities of the Secretariat. The process is furthered with the conduct of a workshop on the issue with the donor community in August. Parallel to the process in Tanzania, PACT Harare and the Ministry of Finance are drafting procedures for the NWG and the role of the Secretariat.

b. Local Integrity Systems in Zimbabwe

PACT Harare, together with the Municipal Development Programme (MDP) and the two municipalities of Kwekwe and Marondera, a local integrity surveys focusing on housing delivery administration in the municipalities. The survey was followed-up with a workshop participated in by 60 representatives from municipalities, including mayors and town clerks, and members of the donor community. At the workshop, participants came to the conclusion that efficiency, accountability and transparency need to be improved in the administration of municipalities. PACT and MDP were encouraged to prepare a TOR for a management performance analysis/value-for-money audit of the two municipalities. The analysis would be the first step in the process of capacity building at local government level aimed at improving service delivery efficiency. It will also involve an assessment of the need for the establishment of an Inquiries/Information Office and an Ombudsman's Institution in the municipalities. The results of the analysis will be included in the agenda for a regional workshop scheduled later in the year.

c. Health Sector Support/Basket Funding, Zimbabwe

UNDP Zimbabwe and PACT Harare, together with the Ministry of Health and Child Welfare (MOHCW) and DANIDA, have been closely involved in developing a coordinated approach to health sector support. The process included establishing two MOHCW/donor groups to coordinate health efforts in Zimbabwe. The first group will coordinate sector-wide support according to the priorities set by the MOHCW. The second group, a Health Service Fund Committee, composed of contributing and potential donors, will meet on a quarterly basis to assess the performance of the districts. This is a groundbreaking project where provinces and districts in Zimbabwe receive cash funds for recurrent and development expenditure within the health sector.

d. Eastern and Southern Accountant Generals' Workshop (April 1998, Mauritius)

In March/April, PACT Harare arranged a workshop in cooperation with the Office of the Accountant General of Mauritius. This workshop stems from an earlier ESAAG meeting in Victoria Falls, where the Accountant General of Mauritius presented the newly developed financial management system in his country. Concrete interest by other Accountant Generals from the region in the Mauritius model provided the impetus for organizing this workshop.

e. Cooperation with the University of North West Province in South Africa

PACT Harare has received a request from the University of North West Province in South Africa to conduct lectures on financial management and accountability. This request has been extended to also finding ways of assisting the administration of the province to address the problem of corruption. The Municipal Development Programme (MDP) and PACT-Harare will most likely coordinate this effort.

Country Interventions

1. Chad

In March, PACT fielded an assessment mission in response to the government's request to UNDP Chad to initiate an MDGD-wide mission dealing with the different aspects of the governance programme for the country. Financial accountability and transparency was the focus of PACT's contribution to the MDGD mission. Using the CONTACT mission guidelines, PACT's objectives included the preparation of a project-document to strengthen financial accountability and transparency through improving the financial management and audit functions in the public sector.

The specific areas studied were: planning and budgeting, accounting structure and function, the effectiveness of financial management systems, the audit and monitoring function (internal and external), human resources and training needs in all areas of financial management and audit; and the need to introduce information technology.

PACT support was carried out through the Harare office, with additional staff assistance from the programme specialists in Bratislava and New York to complement the substantive and institutional expertise of the international consultancy team.

One of the complementary outputs of this mission, was resulting translation and fine-tuning of the CONTACT guidelines in French, and consequently in English. With the actual use of CONTACT in Chad, the mission guidelines were revised into a more user-friendly and effective tool.

2. Mongolia

In 1997, PACT initiated the formulation of a sub-programme on financial accountability and transparency under the over-all UNDP Governance and Economic Transition Programme. This support focused on building capacities in the Ministry of Finance and the State Auditing Board to strengthen systems of accounting, auditing and budgeting to enable successful transition into a market economy and facilitate economic growth. The follow-up mission held in November 1997 re-focused PACT's proposed interventions, in support of the Public Sector Management and Finance Act, into the following areas:

- strengthen the existing educational establishments and respond to the planning and implementing answers to the questions created by the Act, under the guidance of a team of foreign experts. This will create national competencies able to sustain future developments without outside intervention, and foster greater potential for knowledge transfer than structured lectures or seminars.
- develop local professional capacity outside the capital city, by establishing a system of distance education and improved methods of instruction by mobile lecturers.
- develop the professional bodies to address the new needs and duties of management and financial reform imposed by the Act. These duties include costing of the entity's activities, strategic planning, performance evaluations and development of management information systems. PACT also proposed the formation of an association of management accountants, linked to a similar organisation with experience in the Pacific Rim.

To meet these diverse requirements, recommendations focused on fielding a multi-disciplinary team of three experts be sent for a term of two months. They will prepare Mongolian citizens from the professions,

from the present civil service and from academia to assume leadership roles in implementing the recommended changes. The experts will cover the areas of: management accounting, systems analysis, and adult education.

However, with change of government and subsequently its priorities, the project has been put on hold until clearance to proceed was received from UNDP Ulaanbaatar in mid-1998. In the meantime, PACT supported the study tour/fellowship of a representative (Ms. Oyumaa, Assistant Executive Director) of the Consortium for Mongolian Management Development Institutions (CMMDI) in Canada in late May 1998. PACT assisted in the fellowship programme by funding the consultancy of Mr. Geoff Neale to assist Ms. Oyumaa in her fellowship, which had the following objectives:

- (a) To gain knowledge of the organization and educational methods of a professional accounting society. Emphasis is placed on planning the training required for the implementation of public-sector reform in Mongolia.
- (b) To gather advanced materials in the areas relating to management accounting for adaptation to the Mongolian environment and translation into the Mongolian language.
- (c) To investigate current practices in a developed economy relating to transitional problems in Mongolia. Examples include librarianship, local government, tourism and waste management.

The fellowship provided an opportunity for the CMMDI representative to look into starting the practice of management accounting in a timely and cost-effective way, via co-operation with an experienced foreign association. The Certified Management Accounting Society of British Columbia (CMABC) was recommended as foreign association to mentor and assist in organisation and educational matters. The Society is an integral member of the Certified Management Accountants Society of Canada, and is situated on the Pacific Rim, a member of the Conference of Asian-Pacific Accountants, and was instrumental in a similar and successful project in Hong Kong. Previously it had aided the early development Institute of Cost and Management Accountants of Pakistan. The Executive Vice- President of the CMAC has confirmed his willingness to extend support to a fledging association in Mongolia.

The fellowship also provided an opportunity to work with the Certified Accountants Society of British Columbia, and the Management Accounting Institute (MAI) (education division of the Certified Management Accountants Society of British Columbia). These allowed greater immersion in the administration process for courses to prepare candidates for the Associate Accounting Technologist (AAT) diploma, as well as the Entrance Examination and professional program for the Certified Management Accountant (CMA) designation.

3. Yemen

In March, PACT fielded an initial diagnostic mission to Yemen, at the request of the Central Organization for Control and Auditing (COCA) through the Ministry of Planning and Development (MOPD). PACT's support was requested to enhance, improve and strengthen the financial accountability and transparency of country, with particular emphasis on prevention and control of corruption. The institutions involved were COCA, the Office of the Attorney General (public finance prosecuting attorneys) and Public Finance Courts, as part of the government's Economic, Administrative and Financial Reform Programme.

The initial scan identified the weak points and possible areas of intervention, and was subsequently reviewed by the Government and donors to establish priorities. A follow-up mission is planned in late 1998 to formulate a programme in detail and assist in mobilizing donor funding. The results will fit in the plans of the UNDP country office to develop and implement a programme in accountability and transparency, including the financial aspects covered in the PACT mission, and with sub-programmes in the Ministries of Legal Affairs and Justice.

The mission recommended to UNDP Yemen that it proceed with a programme in transparency and accountability. Necessary steps include: (1) distributing the full mission report to the Government and to interested donors; (2) requesting PACT to coordinate the agencies that would be involved in a programming mission (tentatively World Bank, UN-DESA and Netherlands Ministry of Cooperation) and getting joint agreement on the TOR, timing and funding of the mission; (3) field support to the joint programming mission. It is envisaged that the mission would require expertise in legal reform and training, professional accountancy development, and public sector internal control/audit and would take 4 weeks to prepare a programme support document for national execution, including 3 weeks in the field.

4. Cuba

In late 1997, PACT earmarked \$200,000 as contribution to Cuba's economic recovery programme (CUB/97/002). The project is nationally executed, and relates to activities in accountability, financial management and transparency. Some of the funds have already been linked to activities implemented with the support of the Government of Brazil: workshops and seminars to be held in Cuba and, internships of Cuban officials in the relevant government and academic institutions in Brazil.

On-Going Activities in 1998 and Plans for 1999

Global Initiatives

1. 4th Annual PACT Global Workshop in Financial Accountability and Transparency, mid year 1999, Slovak Republic (tentative)

PACT will hold its 4th *Annual Global Workshop in Financial Accountability and Transparency* in the CEE & CIS region next year. Its annual global workshop will provide a forum for exchange of cutting-edge ideas, learning experiences and best practices among representatives of key stakeholders in accountability and transparency. In particular, PACT hopes to use the 4th Global Workshop to:

-Further develop the concept of accountability and transparency to include the dimensions of political and administrative accountability in the context of good governance for sustainable growth and equity

-Share experiences and models for approaching the "expanded" concept

-Identify existing and potential areas of intra- and inter-regional cooperation in promoting political, administrative and financial accountability and transparency

-Enhance the understanding of political, administrative and financial accountability and transparency as key to good governance and ultimately, achieving the goals of sustainable human development

Conduct of this workshop will be linked in with the planned meeting of the PACT Global Advisory Committee.

2. Integrity Improvement Initiative

a. Memorandum of Understanding with Transparency International

UNDP, through PACT, will be signing a Memorandum of Understanding (MOU) with Transparency International (TI) to formalize the working relationship on an institutional level and allow closer collaboration on strategic activities. The purpose of this Memorandum of Understanding (MOU) is to strengthen the existing co-operative working partnership between the UNDP and TI by formalizing the relationship, thereby enabling both organizations to fulfil their mandates effectively and expeditiously. In general terms, the UNDP and TI agree to closely co-ordinate their various policies, programmes and

activities, and to complement their efforts in areas of common concern. As an initial step to concretize this agreement, the following joint actions will be undertaken:

b. UNDP will contribute to the organization of the 9th International Anti-Corruption Conference to be held in Durban, South Africa, in October 1999, in the following possible areas: developing the conference agenda; recommending speakers; sponsoring a workshop session/s or event/s; and funding the participation of selected representatives from developing countries.

-TI will assist UNDP in building and strengthening national capacities to develop and implement anti-corruption and integrity improvement programmes in selected countries.

-UNDP and TI will maintain regular review of their own policies and programmes (and other developments and events in the field of accountability and transparency) with a view to agreeing, designing and implementing further specific joint programmes or activities that will contribute to the common objectives of both organizations. Any activity undertaken in furtherance of this MOU requiring UNDP funding and/or contracting must receive prior approval in accordance with UNDP Financial Regulations and Rules.

b. Joint UNDP/OECD Comparative Case Study on Corruption

Upon receipt of the results of the first phase of the study, PACT and the OECD Development Centre are planning on conducting a mid-term review of the results and research process. This is targeted for the fourth quarter of 1998 and will be held in Paris. The review will be additionally used as an opportunity for a staff exchange, where PACT staff will spend at least two weeks at the OECD under the mentorship of a resident expert on corruption. The OECD staff, in turn, will visit New York sometime early or mid-next year to finalize the comparative study and prepare for its publication.

c. ABA Symposium on the Implementation of The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 8-9 October, Bruges, Belgium

PACT will be representing UNDP at the American Bar Association (ABA) *Symposium on the Implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, to be held in Bruges, Belgium on 8-9 October 1998. UNDP's participation at the symposium will be a significant contributions to the on-going policy discussions on corruption, particularly by raising the critical consequences and impact of corruption on developing countries. As a co-sponsor to the event, PACT assisted in disseminating information about the event.

In brief, the symposium is organized in collaboration with the International Bar Association (IBA), Council of the Bars and Law Societies of the European Community, and UNDP. It aims to both educate participants on the OECD principles and to provide a forum for the exchange of views among various experts on both the principles and proposed implementation into national legislation. Day 1 will feature speakers on the general OECD principles, an interpretation of those principles and a comparative analysis of the OECD Convention with both the OAS Convention and the US Foreign Corrupt Practices Act (FCPA). The industries represented include: aerospace and defense, technology, financial services, energy, telecommunications and multinational "conglomerate" enterprises. Day 2 will open with a report on the prior day's discussions by the industry groups, with each industry providing one speaker to an introductory panel that will present a summary of the issues raised. A second panel will include various speakers presenting their views on potential problems in national implementation. The third and final panel will discuss enforcement issues expected to arise from the implementation of the OECD Convention.

d. Conference on Public Procurement Reform in Africa, November, 30 November – 4 December 1998, Abijian, Cote d'Ivoire

The International Trade Centre (ITC) is spearheading an effort to convene a Conference on Public Procurement Reform to be held in Abijan, Cote d'Ivoire on 30 November to 4 December 1998. The

conference is jointly organized with the African Development Bank, World Bank and UNDP. It will focus on the following themes:

-Building awareness of strategic value of public procurement

-Developing reform plans

-Providing means for sustainability and support.

The conference will provide an executive level overview for the first two days. The remaining three days of the workshop will enable public procurement and management reform experts, participating at the workshop, to meet and exchange experiences and ideas with counterparts from other African states and international organizations. By the end of the conference, the participants are expected to have developed an outline for a public procurement reform programme for their countries. This outline could then be the basis for national programmes to develop and sustain the legal, institutional and professional reforms needed for a modern public procurement system.

In this conference, PACT will be involved through three main tasks: (1) facilitate the participation of representatives from 10-12 developing countries through resource mobilization from the regional bureau and respective country offices; (2) provide technical resources through the CONTACT guidelines; and (3) assist in the preparation of the final report by providing PACT staff for rapporteurship at the conference. By actively participating in this conference, PACT hopes to use the outputs of the activity as one of modules in CONTACT and enrich its expertise in the specific field of procurement.

e. USAID/OECD Workshop On Combating Corruption In Transition Economies, 7-9 October 1998, Istanbul, Turkey

PACT is supporting efforts by USAID to disseminate information and facilitate participation of UNDP country offices at the joint USAID and OECD *Workshop on Combating Corruption in Transition Economies* to be held in Istanbul in early October. The workshop aims to:

-highlight costs of corruption to governments, private and social sectors;

-encourage dialogue on how to publicize and encourage greater integrity across various areas;

-discuss ways to create and sustain public-private partnerships among governments, the private sector and human rights/media or other service delivery or advocacy NGOs, with the goal of fostering greater political transparency or needed legislative changes, and educating the public and private sectors on specific steps that can be undertaken to promote greater government accountability and transparency, and to transfer "lessons learned" from other countries and regions undergoing similar structural problems;

The two and a half day program will take the form of presentations, case studies, workshops and roundtable discussions, with the key speakers and case study participants drawing from a range of experience. Countries invited include: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Romania, Russian Federation, Turkmenistan, Ukraine, and Uzbekistan, Estonia, Latvia, and Lithuania.

f. Inventory of UN/UNDP Projects and Resources Database

PACT will be embarking on a systematic effort to document projects and activities related to anti-corruption and integrity improvement within the UN system. The research will also cover general information on the policies and programmes of key international development organizations. The inventory

will be used to generate global learning on the experiences of UNDP in the fight against corruption, and to enable greater sharing of existing information and resources. The inventory is targeted to commence in September 1998.

3. Expanding the CONTACT Guidelines (Political and Administrative Accountability)

In the remaining months of 1998, PACT envisions to have initiated the process of revising its mandate to include the relevant components of political and administrative accountability. These revisions will also be incorporated into CONTACT by developing additional modules on these subject areas. By the end of 1999, PACT looks forward to the development of 10 country-anchored programmes in accountability and transparency, and to transform knowledge generated from this experience into global learning and best practices. In this process, CONTACT will be PACT's main vehicle to document and synthesize best practices from country assessments undertaken. (*For further information on CONTACT, please see page 10. Review copies are available in electronic format.*)

4. Joint Denmark and Netherlands Evaluation

In October, PACT will be evaluated jointly by the governments of Denmark and the Netherlands. The review aims to establish the achievements of PACT, the efficiency and effectiveness of its implementation, and extent of the programme's lasting impact. The review will particularly focus on the following guiding questions:

-Is PACT's approach as it has developed, reflective of its three stated objectives, in line with the analysis, available capacities, the mandates (activities) approved by donors and needs of the recipient countries?

-Are the PACT inputs appropriate in relation to (i) the capacity and integrity problems as identified; (ii) the outputs achieved; (iii) other institutional/environmental factors at play; and (iv) possible contributions of other donors in the field?

-What has PACT's rationale for the selection of countries and regions, and the approach taken, given its financial and other means available?

-To what extent does PACT contribute to a more coherent and coordinated approach of donors in macro- and sector-assistance programmes?

-Are PACT's organizational set-up, management, communication, and monitoring arrangements, and possible flexibility in adjusting implementation plans adequate, and what supporting role is played by UNDP?

-What are the advantages/disadvantages of including PACT's activities and allied budget into the core activities of UNDP?

The review team will visit the Global Secretariat in New York and three other country offices or programmes. Visits will also be conducted with relevant partners, such as the World Bank and IMF. The team will avail of the relevant written materials, reports, guidelines and other documents prior to the fieldwork. The review exercise will be coordinated by DANIDA, with Neda assisting in identifying consultants and the TOR. The evaluation is expected to last 3 weeks.

Regional Programmes

1. PACT Bratislava

a. Sub-regional Training

Preparations have been made for conducting a sub-regional training workshop on the topic of value-for-money auditing for thirteen established supreme audit institutions (SAIs) of the region. The training session will take place in Bratislava on 26 and 27 October. The National Audit Office of the United Kingdom, pioneers of value-for-money auditing, will provide the trainers for the session.

b. Needs Assessment Missions

-A needs assessment mission to Moldova will be undertaken from 22 September to 5 October, together with the Netherlands Court of Auditors, which has agreed to deliver the necessary expertise for the mission.

-A mission to the Russian Federation is in the pipeline, being one of the largest countries of the region. Such a mission will target 4 oblasts/regions. The likely date for the mission is late October.

-A request was received from the UNDP Turkey to look into the possibilities of improving auditing of nationally-executed (NEX) projects. No mutually convenient date has yet been fixed.

-Requests have been received, through the UNDP country offices of Belarus, Uzbekistan and Kyrgyzstan to field needs assessment missions and provide assistance to the respective countries' SAIs.

c. Resource Mobilization, Information Gathering, Networking

Even as initial contacts are established, PACT seeks further possibilities for increasing its network of expertise and information gathering. The following meetings will be held:

-The International Development Initiative (IDI) with its secretariat in Norway will be solicited for involvement in training activities dealing with accountability subjects.

-Activities are planned in cooperation with the OECD.

-Further information will be gathered on donors, donor policy and donor priority countries and other organizations working in the field of expertise of PACT.

PACT will also continue to meet institutions that are willing to provide technical expertise.

d. Other Activities

-As requested by the Slovak Ministry of Education, a proposal will be prepared concerning development of an Accountancy degree in the country. The proposal will be submitted to the Ministry before 15 September.

-In a meeting with the Government Control Office of Hungary, the issue of establishing an Association of European Government Control Offices was raised. The association will be established in Budapest during a conference in November. PACT has offered its support for these activities.

2. PACT Harare

Outlined below are the future plans and activities for the PACT Africa Regional Office (*further details available upon request, however complete write-ups will be included in the Annual Report 1998 to be released early next year*):

- Formulation of Conceptual and Operational Framework and Strategy For Regional Office
- Extension, Strengthening and Consolidation of Partnerships and Networks.

- Development of Generic Terms of Reference For National Working Group (NWG) and Operationalizing Concept in Selected Countries
- Integrity Improvement through Strengthening and Consolidation of Accountability and Transparency (A&T)
- Regional Workshop on Local Integrity Systems, Durban, South Africa
- Publication of Monograph on Enhancing Public Sector Integrity in Africa.
- Strengthening Accountability and Transparency through Home-Brewed Participatory Initiatives (Lessons From Selected African Countries)
- Regional Workshop on Financial Accountability and Governmental Financial Reporting
- Health Sector Reform in Zimbabwe and Review in Zambia
- Establishment of Niche In United Nations Special Initiative For Africa (UNISIA)/ 3rd Annual African Governance Forum
- Third Annual Africa Governance Forum, Bamako, Mali, June/July 1999
- Global Curriculum and Certification in Accounting/16th Session Of UNCTAD's Intergovernmental Working Group Of Experts On International Standards Of Accounting And Reporting (ISAR)
- International Advisory Forum on Accountancy Development (IAFAC)
- Development of Website and Database within the framework of the "virtual office project"

3. PACT Islamabad and other regional offices

Plans are also underway to establish regional offices in Islamabad (for Asia), Beirut (for Western Asia), and a country to be selected for Latin America/Caribbean, similar to the regional set-up already operational in Bratislava and Harare, by 1999/2000. These offices will be developed and anchored in existing and planned regional programmes on governance. The proposed PACT regional office in Islamabad will be closely coordinated with the operations and activities of the UNDP Governance Facility in Pakistan and the Asia Pacific Regional Programme on Governance. Recruitment for the programme coordinator for PACT-Islamabad is underway.

Country Interventions

PACT has been approached by a number of countries requesting assistance in the creation, improvement and strengthening of financial accountability and management systems, particularly in the areas of accounting, audit, budgeting and internal control systems. These requests are reviewed in the context of the over-all programme of MDGD. Country interventions, in addition to those covered by the on-going regional programmes in Harare and Bratislava (*please see Annex 1 for List of Activities*), are envisioned for the next year in: Pakistan, Fiji, Philippines, Nicaragua, and Jordan.

1. Morocco: Symposium on the Role of Supreme Audit Institutions in the Governance Process, 14-15 September, 1998, Rabat, Morocco

The government of Morocco, in collaboration with UNDP, has launched a programme for institutional development and a national framework for governance. The main objective is to strengthen the basis for sustainable human development through a process of governance based on participation, transparency, efficiency, responsibility and the supremacy of the law.

As a preparatory activity, PACT is supporting the organization of the *Symposium on the Role of Supreme Audit Institutions in the Governance Process* (14-15 September 1998, Rabat). The symposium aims to provide a forum for debate, sharing of views and opportunity for managers and national executives to learn from the experiences of the countries represented. It is hoped too that the symposium will constitute a source of inspiration for the application of new Constitutional dispositions involving top level control of the Kingdom's public finances. Furthermore, this workshop will allow the Court to establish links and co-operational ties with other SAIs, particularly in area of training and enhancing skills of the executive staff.

The key issues to be raised at the symposium include:

- the role and place of the supreme audit institutions within state institutions
- the regionalization of the supreme control and the conditions for its integration in the local setting
- the supreme audit of public finance and the governance process.

In terms of follow-up, a two-day national colloquium will be conducted immediately after the symposium. At this colloquium in-depth discussions will be undertaken on the presentations made by guest speakers to identify appropriate models and experiences suitable for Moroccan Institutions. The colloquium also aims to develop a plan of action for implementation in the immediate future.

2. Mongolia: Technical Assistance in Design of Anti-Corruption Programme

Within UNDP's on-going Capacity Building for Governing Institutions Project, anti-corruption has been identified as one of the four policy priorities (the other three being human rights, gender and media). The project strategy calls for upstream policy coordination support with capacity building combined with downstream implementation and social communications. The UNDP country office in Ulaanbaatar views the Governing Institutions window as a logical entry point for a major UNDP supported push on anti-corruption since it brings together around the same table the executive, legislative, judicial and presidential arms of Government.

PACT is collaborating with UNDP Ulaanbaatar to facilitate the process of developing a solid programme on prevention and control of corruption, focusing on the particular vulnerabilities of economies in transition. As a preparatory step, PACT supported the participation of three Mongolian high-level policy-makers (two members of Parliament and a representative of the President's Office) at the Bangkok Workshops in July 1998. Upon the delegation's return from Bangkok, UNDP Ulaanbaatar conducted a wrap-up meeting and discussed follow-up country level activities. At this meeting the three officials expressed strong commitment to support anti-corruption initiatives at the national level. It was agreed that the above mentioned Governing Institutions Capacity Building Project function as the on-going national mechanism to provide the common framework for anti-corruption initiatives in Mongolia, thus ensuring better co-ordination and prevent potential overlapping efforts of different interested donors in the future. It was also agreed that within this high-level framework of four arms of Government (Judiciary, the Presidency, the Parliament and the Executive Branch), an exercise to craft an Action Plan (expected output of assessment mission) and to conduct a national workshop will be undertaken.

The major objectives of the proposed assessment mission will be to:

- assess the existing legal and institutional framework in Mongolia for addressing corruption/integrity related issues;
- review the current economic and financial policy framework in Mongolia, which is assumed relevant to most transition economies; and

based on the above two objectives, review findings and results of consultations in order to prepare a proposed National Action Plan aimed at preventing and combating corruption in Mongolia.

2. Jordan

Before the end of 1998, PACT plans, in collaboration with the UNDP country office, to field a reconnaissance mission to review the current national context and identify possible areas for support in

Jordan in the area of financial management and accountability, focusing particularly on the issue of prevention of corruption.

In collaboration with the Jordanian Institute of Public Administration (JIPA), PACT will support the fielding of an international team of financial management and anti-corruption experts. Support will be undertaken in two steps:

(1) field a Reconnaissance Mission to review the current national context and identify possible areas for support, and identify (through the use of CONTACT mission guidelines) specific needs, and develop appropriate strategy to address these; and

(2) explore the possibilities for cost-sharing with interested bilateral and other organisations, for follow-up steps and programme formulation mission.

Organization and Staffing

PACT is pleased to have on board, as of February 1998, Thomas Kerscher as Associate Expert for the PACT-Harare regional office. His services are made possible through the generous support of Germany to the associate expert programme of the United Nations. We also welcome Mr. Alan Muzanhamo, who joined PACT-Harare early this year as National Programme Officer. At the Global Secretariat, PACT has been supported by temporary programme assistants, to whom we are very grateful: Leah Retherford (November 1997 – April 1998), Sharon Taylor (May – June 1998) and Dione Braimbridge (July 1998 to present). In September, we expect to have on board, Annabeth Lotz of Denmark, who will be conducting a nine-month research internship with PACT.

PACT Global Advisory Committee and Procedures Manual: PACT is currently working on developing guidelines on its programmes, procedures and operations at the global, regional and national levels. As a young programme, PACT recognized the early need to establish specific methods and mechanisms to enable it to do its work in a clear, efficient, systematic and accountable manner. PACT has approached the Netherlands Economic Institute (NEI) to assist in the process, and envision a draft in early 1999. PACT will also institutionalize a more formal annual work planning and review of the PACT global and regional programmes, through the creation of a Global Advisory Committee (GAC). The first brainstorming meeting on GAC was planned immediately prior to the conduct of the *3rd Annual PACT Global Workshop* in Bangkok. The meeting was however cancelled because of the limited participation by PACT's existing and potential donors.

Redefining PACT Approach and Strategy: Also at the *3rd Annual PACT Global Workshop* held in Bangkok, the PACT had an opportunity to further discuss and brainstorm on the focus, approach and strategy of the programme. Under the guidance of the Director of the Management Development and Governance Division, PACT is looking into redefining its approach and strategy to better able integrate its mandate and activities under the various elements of political, administrative and financial accountability. PACT envisions a preliminary outline of this redefined approach available by the end of the year.

Funding

PACT is expecting to achieve another 100% delivery rate for the second \$2.5 million trust fund supported by the Ministry of Foreign Affairs, Denmark (DANIDA). In order to continue with its work and plans, PACT is strategically targeting key supporters to generate additional funds for the programme. It expects to submit a request to the Swedish International Development Cooperation Agency (Sida) for \$958,000 by the third quarter, for the programme years 1999 and 2000. In addition, PACT foresees a contribution from UNDP by next year. PACT also has an on-going resource mobilization initiative in place, and plans to further broaden its funding base for the coming years.

Internet

To serve as a resource for accountability and transparency projects, and to facilitate access to information concerning financial accountability issues, an electronic copy of this report and related materials are also available at <http://magnet.undp.org/Docs/efa>

Future Outlook

PACT faces more promising opportunities in strengthening its programmes and activities in financial accountability and transparency, and integrity improvement initiatives, at the global, regional and national levels. It is looking forward to continuing the implementation of strategies and concepts developed and fine tuned during the year, and delivering efficient, prompt and high-quality outputs and services. PACT is also energized to continue and build new partnerships and collaborations with key stakeholders to enhance the impact of its interventions.

In the area of integrity improvement, PACT is already beginning to see the results of its work as a key player in anti-corruption, not only within UNDP, but also within the international development arena.

With a full programme ahead of it this year and through the year 2000, PACT will try to remain strategic and efficient in its response to the ever growing demand for its products and services, yet recognize the growing need for **new resources**. PACT will use every opportunity to meet and discuss with partners to discuss areas and mechanisms for greater collaboration and support.

PACT's mission remains steadfast: to transform accountability, transparency, and good governance into concrete and viable realities for developing countries and countries in transition. Building for a better tomorrow, however, requires broader involvement from others committed to development cooperation, today. PACT is extremely grateful for the support it has received in the past year and continues to invite participation in its programmes.

Annex 1: Partial Mailing List

United Nations

- UNDP, New York:

BPD, Ms. Emi Watanabe, Director and Associate Administrator

BPD, Mr. Siba Das, Deputy Director

BREA/Resource Mobilization Unit, Mr. Sunil Saigal

BPD/MDGD:

Mr. G. Shabbir Cheema, Director

All Professional Staff

PACT Harare, Mr. Kjeld Elkjaer, Regional Programme Specialist

PACT Bratislava, Mr. Daniel Blais, Regional Programme Specialist

Governance Facility-Islamabad, Mr. Paul Oquist

- BPD/SEPED: Mr. Thierry Lemaesquier, Director

- BPD/SEED: Mr. Roberto Lenton, Director
- BPD/DOPP: Mr. Herbert M'Cleod, Director
- BPD/SDNP: Mr. Chuck Lankester, Director
- UNDP Regional Bureaux for Africa, Arab States, Asia and the Pacific, Europe and the Commonwealth of Independent States, and Latin America and the Caribbean
- UN OPS: Roswitha Newels and Mr. Christian Gronlund
- UNDP Country Offices in Brussels (EU) and Washington, Bangladesh, Botswana, Cuba, Egypt, Fiji, The Gambia, Ghana, Kazakhstan, Lesotho, Malawi, Mali, Mongolia, Mozambique, Namibia, Palestine, Philippines, Slovak Republic, Sri Lanka, Swaziland, Tanzania, Thailand, Uganda, Uzbekistan, Yemen, Zambia, Zimbabwe
- UN DESA: Mr. Guido Bertucci, Director, Mr. Anthony Bennett, William Radburn, Elia Armstrong
- UNCDF: Mr. Roger Shotton
- UNIDO, Vienna: Mr. Saburo Takizawa
- DAC/OECD, Paris: Irene Hors, Helene Grandvoinet, OECD Development Centre
- UNICRI, Rome
- UN Centre on Crime Prevention, Vienna: Mr. Jean Paul Laborde
- UNCTAD
- International Trade Commission (ITC), Geneva: Wayne Wittig

UN Missions

- Austria, Canada (CIDA), Denmark (DANIDA), Finland (FINNIDA), Germany, United Kingdom (ODA), Italy, Japan, Norway (NORAD), the Netherlands (DGIS), Sweden (Sida), and Switzerland (HGZ)

International and Regional Financial Institutions

- World Bank (Messrs. Jules Muis, George Russell, Randolph Andersen, Mike Stevens, Peter Dean, Petter Langseth, Rick Stapenhurst)
- IMF: Mr. Paulo Mauro, Mr. A. Premchand
- IADB: Mr. Luis Prieto
- ADB: Mr. Salvatore Schiavo-Campo

Donor Community

- US Accounting Office, Mr. Donald Drach

- USAID, Washington, DC: Mr. Everette B. Orr, Deputy Inspector General, Keith Henderson, Senior Adviser (ENI-Bureau), Sharon Isralow, Phyllis Dininio
- European Union, Brussels: Mr. Guy Samzun
- European Court of Auditors, Luxembourg (Ms. Marion Colonerus and Mr. Harm Rozema)
- Ministry of Foreign Affairs of Finland:
- Ministry of Foreign Affairs of Denmark: Messrs. Michael Stensbøl, Paul Erick Schmidt
- Ministry of Development Cooperation of the Netherlands: Minister Eveline Herfkens, J.N.M. Richelle, R.C. Harkema, P.S. de Haan, L. Grijns, T.P. Fogaras, H.A. Hartogh, H.J. Lieffers
- Court of Auditors of the Netherlands: Ms. S.C. der Haagen, Messrs. Tobias Witteveen, Pieter Stroink and G.P.W. Kortenbach, Brord Westerink

Global Networks

- Transparency International: Dr. Peter Eigen and Nihal Jayawickrama, Berlin, Jeremy Pope, UK
- INTOSAI: Dr. Gertrude Schlicker and Dr. Franz Fiedler, Vienna, and IDI: Mr. Richard Gagne, Ottawa
- IFAC: Mr. Ian Ball, New Zealand, Messrs. John Gruner and Steven Walker, New York
- ICA: Dr. Charles Kecskemeti, Paris, and IRMT: Dr. Anne Thurston, London

Recipient Countries

- Bangladesh, Botswana, Cuba, Egypt, Ethiopia, Fiji, The Gambia, Ghana, Jamaica, Kazakhstan, Lesotho, Malawi, Mali, Mongolia, Mozambique, Namibia, Nepal, Pakistan, Palestine, Philippines, Slovak Republic, Sri Lanka, Swaziland, Tanzania, Thailand, Uganda, Uzbekistan, Yemen, Zambia and Zimbabwe

Project Management

- Health Reform Implementation Team, Lusaka
- AMAP, Tanzania (Mr. R.P. Mwashu)

Others

- IMAC, Washington: Mr. Rick Werner and Ms. Nancy Duncombe
- Mr. Anthony Hegarty, The World Bank
- Prof. Robert Klitgaard, RAND Graduate School, USA
- Prof. Susan Rose-Ackerman, Yale University, USA
- Dr. Sahr J. Kpundeh, USA

- Prof. Mushtaq Khan, UK
- Dr. Michel van Hulten, The Netherlands
- Prof. Michael Johnston, USA
- Mr. Geoff Neale, Canada
- Ms Irene Wilson, messrs Hans van Rijn and Roel Martens, Netherlands Economics Institute
- INTEREXPERTS: Serge Poitras, Pierre Danis, Jacques Avery, CANADA
- Jeremy Toft, SGS, Washington, DC
- Hemant Bajjal, Crown Agents, Washington, DC

For future information on PACT-regional offices, please contact:

PACT-Harare Office

UNDP Harare
9th Floor, Takura Building
67-69 Union Avenue
P.O. Box 4775
Harare, Zimbabwe
tel: (263) 4792681 ext. 240
fax: (263) 4728695
email: kjeld.elkjaer@undp.org
contacts: Kjeld Elkjaer, Thomas Kerscher and Alan Muzanenhamo

PACT-Bratislava Office

UNDP RBEC Support Centre
Grosslingova 35, 5th Floor
811 09 Bratislava, Slovak Republic
tel: (421-7) 4347-432/433
fax: (421-7) 4347-450
email: dblais@undp.sk/jwaanders@undp.sk
contacts: Daniel Blais and Jan Waanders