

**Fighting Corruption and Promoting Transparency  
in the Public Sector**

**An Independent Evaluation of the  
Partnership for Transparency Fund**

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## **Acronyms**

<b>ACIJ:</b>	Asociacion Civil por la Igualdad y la Justicia
<b>ADB:</b>	Asian Development Bank
<b>CIPPEC:</b>	Center for the Implementation of Public Policies Promoting Equity and Growth
<b>CSO:</b>	Civil Society Organization
<b>DfID:</b>	Department for International Development
<b>FONTRA:</b>	Regional Fund for the Promotion of Transparency
<b>FORDIA:</b>	Concern for Development Initiative in Africa
<b>ICD:</b>	Institute for Communication and Development
<b>IDB:</b>	Inter-American Development Bank
<b>IP:</b>	Integrity Pact
<b>MIF:</b>	Multilateral Investment Fund
<b>NGO:</b>	Non-governmental organization
<b>PTF:</b>	Partnership for Transparency Fund
<b>SERI:</b>	Social and Economic Rights Initiative
<b>TA:</b>	Technical assistance
<b>TI:</b>	Transparency International

## Executive Summary

The Partnership for Transparency Fund is an international NGO established in 2000 to help civil society in developing countries fight corruption and promote transparency and accountability in government. Over the past seven years, it has provided grants totaling over US\$1 million to 55 civil society organizations in 35 countries. In early 2005, an independent evaluation of PTF's early program of work concluded that "PTF is an extremely valuable and effective instrument for support of small but important anti-corruption projects...."<sup>1</sup> In the subsequent three years (2005-07), PTF has more than doubled the number of projects supported, received new funding from the World Bank, IDB and Asian Development Bank, adopted new approaches (such as a request for proposals) and experimented with decentralization of program management with sister institutions. This new independent evaluation covers PTF's experience over this recent period.

The evaluation finds, like the earlier one, that PTF is a highly valuable and effective mechanism for support of small-scale civil society efforts to fight corruption and promote greater transparency and accountability in government. As an international NGO, it is well placed to provide support that is independent of vested political interests and not subject to political pressure. Through the use of unusually small grants, it has helped civil society organizations to innovate and do projects that they may not have been able to do before, and thereby enhances their experience, their visibility, and their voice.

Some 25 of the 29 projects examined for this review achieved all or most of their objectives, which amounts to a success rate of 86 percent. Its model—of a volunteer-based virtual organization providing technical advice and small grants to civil society organizations (CSOs) to undertake time-bound anticorruption projects—has served PTF's mission well. One major strength has been the model's non-confrontational approach which requires CSOs to interact directly with public agencies as a way to assure buy-in on the part of public authorities, facilitate access to critical actors and information, and deflect potential criticism of "foreign intervention" on sensitive issues. A second major strength is the intensive technical support which PTF advisers provide to grantees. In

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<sup>1</sup> Shakow Report, March 28, 2005

addition, PTF's operational practices—for requesting, selecting, implementing, and assessing projects—has on the whole been adequate and not unduly burdensome on aspiring CSOs.

Yet, PTF's operations and processes have not been without shortcomings. Where projects have not fully succeeded, there has often been a poor fit between the CSO and the specific project objectives, reflecting inadequacies in PTF's CSO vetting process. Another shortcoming is the absence of adequate risk assessment and risk mitigation planning at the project design stage—a must in the inherently risky arena of anti-corruption work. Also, while PTF's approach has been to be responsive to civil society organizations' requests for support, a strictly demand-driven approach seems to limit the potential overall impact on corruption which a more strategically managed approach could help overcome by aiming to capture externalities and synergies among projects in priority areas and countries.

As PTF looks ahead to a next phase of much increased resources, it is our contention that it will need to significantly expand its field presence, either directly or through alliances with local organizations to help it identify an increasing number of capable CSOs, meet organizations' technical needs, or monitor project implementation. In addition, we think that its mission would be significantly enhanced by a more diversified approach to funding—a project to program continuum enabling PTF to better tailor its support to project plans, and by a greater investment in the sharing of experiences among civil society organizations and the wider good governance community.

## **I. Introduction**

### ***Background***

The Partnership for Transparency Fund was established in 2000 to help civil society in developing countries fight corruption and promote transparency and accountability in government. Over the past seven years, it has provided grants totaling over US\$1 million to 55 civil society organizations in 35 countries. As an international NGO, it is well placed to provide support that is independent of vested political interests and not subject to political pressure. Through the use of unusually small grants, it has helped civil society organizations to innovate and do projects that they may not have been able to do before, and thereby enhances their experience, their visibility, and their voice.

In early 2005, the United Nations Development Program, one of PTF's earliest supporters, funded an independent evaluation of the PTF's early program of work 2000-2004. The report reviewed documentation on the first 15 projects supported by PTF and conducted site surveys for two completed projects. The report concluded that "PTF is an extremely valuable and effective instrument for support of small but important anti-corruption projects," and that any "weaknesses are very minor in comparison to its overall value and impact."<sup>2</sup>

In the subsequent three years, PTF more than doubled the number of projects supported, received new funding from the World Bank, IDB and Asian Development Bank, adopted new approaches (such as a request for proposals) and experimented with decentralization of program management with sister institutions. It became increasingly concerned about measuring impact and sustainability. It also developed a business plan for 2008-2012 that proposes to expand the number and size of its grants, decentralize some decision-making, and introduce professional (paid) management to the virtually all-volunteer effort. For these reasons, the PTF commissioned a new independent evaluation of its experience over the period 2005-07.

Since commissioning the report, PTF has received indications of substantial new contributions to its resource base from the World Bank and DfID, giving it increased

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<sup>2</sup> Shakow Report, March 28, 2005

grant-making capacity over a five year horizon. These new developments provide added context for the evaluation that follows.

### ***Evaluation scope and method***

The evaluation focuses on three sets of issues spelled out in its terms of reference:

- Is PTF doing the right things? This question involves looking for evidence of impact, sustainability and enhanced capacity for good governance over time.
- Is PTF doing things right? Specifically, are its approach, grant size, methodology and oversight effective?
- Can projects be monitored and evaluated in ways that enable them to serve as demonstrations and be replicated?

Working from a common evaluation template, we have carried out desk reviews of the 29 projects completed and on-going in the period 2005-07. This has involved review of project proposals, comments by project advisers, progress and final project reports, and project evaluations to the extent that this material is available. As needed, the consultants have also contacted project advisers by email and phone.

To enable deeper assessment of project outcomes or likely outcomes, we each also made site visits to a selected few projects. These site visits examined three projects in Africa and three in Central and South America. In addition, discussions were held with FONTRA staff in the organization's office in Uruguay, in order to gain a better understanding of this new decentralized funding mechanism. (See Annex A for a listing of the 29 projects, their start dates and amount of resources provided by PTF.)

The sections that follow present our findings by first reviewing the record of PTF-funded projects and then discussing the effectiveness of the PTF model and adequacy of operational practices. Finally, the report presents a set of recommendations that assumes a sizable expansion of PTF activity as envisioned in its Business Plan for 2008-12.

## **II. Record of PTF-funded projects**

The 29 projects reviewed for this report cover a wide range of activities. For purposes of discussion, they are grouped in the six broad categories used in PTF's Business Plan 2008-12.

- Monitoring public procurement and sale of public assets

- Monitoring public agency activities related to transparency and accountability in public service delivery
- Public expenditure tracking and strengthening systems of financial accountability
- Promoting transparent government
- Contributing to the drafting and implementation of anti-corruption legislation and regulation
- Media campaigns and the strengthening of investigative journalism to expose corruption and promote transparency and accountability

Overall, the 29 projects have a high rate of success. That is, most have achieved or are likely to achieve their stated objectives either fully or to a reasonably satisfactory extent. Only four projects failed to carry out their activities as planned and/or to deliver on their immediate objectives. This record amounts to an 86 percent success rate. What follows reports on the record of achievement of these projects by category and then identifies several cross-cutting issues that emerge from the project review findings. (See Annex B for ratings of the extent to which the projects, organized by category, have achieved or seem likely to achieve, their objectives.)

***Monitoring public procurement and sale of public assets***

Of the four projects which fall within this category, three were implemented as planned. The three successful projects were carried out in Argentina, Latvia, and Slovakia, all by TI national chapters. The fourth, unsuccessful, effort was conducted by an independent CSO in Tanzania.

Two of the successful projects, in Argentina and Latvia, involved the introduction of Integrity Pacts (IPs), a process developed by Transparency International which has been used in a number of countries. In Argentina, the aim was to establish public hearings and IPs as tools to control corruption in public procurement in three localities, and there is already evidence of some public savings as a result of one intervention. In Latvia, the goal is more ambitious: to establish IPs for three large public construction projects to be completed in 20015. Since the project only got underway in 2006 and the CSO plans to stay involved in monitoring through the expected completion date, it is too soon to expect evidence of results. A report on the project notes that government officials

and others have high expectations of the usefulness of the IP process in controlling against excess costs. Whereas this was not the first time an IP project was done in Argentina, it was a first in Latvia and constituted an innovation within the national as well as regional context. PTF support enabled the Latvian CSO to get a foot in the door of monitoring public procurement and build public understanding of value of monitoring to prevent corruption.

The project in Tanzania reviewed the privatization of the Dar es Salaam Water and Sewer Company. It did not succeed because even though the CSO took initial steps to review documentation and interview key players, it lacked the ability to disseminate findings and draw out meaningful recommendations in a final report.

### ***Monitoring public agency activities***

The largest number of projects (11) fall within this category and cover a wide range of types of agencies and issues, ranging from education, the environment, and electoral processes to health and anti-hunger programs. Three projects were highly successful, another seven achieved their objectives to varying extents, and one failed.

For the most part, these projects have involved interventions at the local level— involving the setting up or strengthening of a local watchdog or other participatory mechanism to monitor public service delivery. Two of the most successful efforts involved considerable learning by doing, insofar as they were continuations of earlier projects (i.e. textbook counts in Philippines). A third one, also in the Philippines, was a particularly effective blend of low-cost tactics and local ingenuity that resulted in sizeable savings by curbing abuse in vehicular procurement and maintenance in Mindanao.

There is no one reason for the only-partially successful efforts. Unforeseen circumstances, political sensitivities to initial project designs, shortfalls in expected co-funding, and overly ambitious plans for the timeframe of PTF funding all played a role. One common observation about two of the projects (dealing with food programs in Ecuador and medical centers in Pakistan) is that initial plans to carry out in-depth analyses of a single agency ran into opposition and both projects had to shift their focus to a shallower review of a broader number of entities.

The one unsuccessful project (in Kyrgyzstan) dealt not with service delivery but with the monitoring of parliamentary elections. As such, it was the most highly

politically sensitive project and the CSO (a TI national chapter which had experience in other sorts of activities) proved incapable of assessing the situation and drawing out recommendations for improving existing processes in a situation in which political disruptions hampered implementation.

***Public expenditure tracking and strengthening systems of financial accountability***

Both of the projects, in Argentina and Uganda, which fall in this category, have been highly successful, though, in the Ugandan case, the project team had to find additional resources to complete the PTF-supported first phase activities.

In Argentina, the aim was to identify deficiencies in the work done by a Congressional commission reviewing audits, propose improvements, and develop new channels for disseminating information. In Uganda, the project used PTF funds to initiate a citizens' anti-corruption action program by first tracking primary education expenditures in one pilot district, drafting a Monitoring and Public Accountability Strategy, and building awareness through a Citizen's Forum involving government officials and the public which was designed to become an ongoing mechanism.

Both projects involved the development of a network of participatory groups and training on how to "mine" information and monitor public processes. In so doing, they went beyond a one-shot monitoring effort to put in place mechanisms for follow-on activities—with the express intent in Uganda of establishing a sustainable capacity independent of the CSO's continuing involvement. Both projects present good examples of excellent proposals—with clear objectives and well sequenced steps for achieving them—and a solid fit between the project's planned activities and the CSO's profile and experience.

***Contributing to the drafting and implementation of anti-corruption legislation and regulation***

Of the four projects funded under this category, all were implemented reasonably successfully and achieved the bulk of their objectives. Overall, they are varied in geographic and substantive scope. They took place in Africa, Central Asia, and Eastern Europe; and they aimed to improve legal and regulatory frameworks on issues ranging from mining to financial accountability and conflict of interest.

One project in Mongolia shows the possibility of a small investment having a large unintended impact. The project's aim was to prevent corruption by developing a transparent definition and understanding of conflict of interest among decision makers and legislators. This involved development and dissemination of a toolkit and a broad public awareness campaign. In the course of implementation, the project revealed the unconstitutional editing of the country's new anticorruption law by the Speaker of the Parliament. This revelation led to a high profile Constitutional Court finding and the Speaker's subsequent resignation. This was the first time in Mongolia that the Constitutional Court made an independent decision against a legislator and the first successful civic action against a high level political authority. The event greatly increased the visibility of the CSO and the project objectives and generated strong public demand for a revision of the unconstitutionally edited laws.

Yet, overall these kinds of efforts are tricky to implement, typically requiring considerable flexibility in project timing and funding arrangements to allow them to cope with changes or uncertainties in legislative processes. It is, therefore, important in PTF's CSO vetting process to assess not only the intellectual capacity of the project team but also its political savvy or ability to engage the political process and adjust quickly to changed circumstances. In fact, one feature of a couple of these projects was the need to make modifications in project design in the course of implementation to take account of altered legislative agendas and timetables. The experience suggests that PTF might want to experiment with various ways of better staging its support—especially, but not only, for these tricky legislative efforts—so that neither it nor its grantees assume too much risk upfront. One way to help do this, as suggested above, would be to include a better risk assessment and risk mitigation plan in the initial proposal.

A second common feature is the importance of substantive technical assistance, which has been provided by PTF advisers or, in one case, by PTF funding of an international expert, to help drafting legislation. These kinds of projects, dealing with the drafting and implementation of laws or regulations typically require specific technical expertise which CSOs often may not have on staff, so flexibility in providing technical support can be critical to project success.

### ***Promoting Transparent Government***

Of the six projects in this category, five were successful in terms of having achieved their intended objectives. But in three of those projects, activities and outcomes were modest.

The most successful project, carried out in Argentina by the Center for the Implementation of Public Policies promoting Equity and Growth (CIPPEC), developed and implemented a monitoring mechanism to track progress in access to public information in five public entities. It also spurred several follow on activities, funded by other donors. The project is a good example of significant PTF support for institutional development: by pushing CIPPEC into a collaborative relation with the executive branch of the government of Argentina, a whole new area of activity and *modus operandi* was opened up for CIPPEC, which previously operated exclusively as a legislative branch watchdog.

A second successful project, carried out by the TI national chapter in Poland, developed a variety of tools, such as manuals, a database and interactive website with guidance on civil, penal, and judicial administration—a case where PTF clearly got good value for its money. Other projects in Ghana, India and Sierra Leone involved, respectively, efforts to raise awareness about the costs of corruption, evaluate the mechanism of Citizen’s Charters against international standards, and promote public acceptance of a new national anti-corruption strategy.

The TI national chapter in Venezuela has faced considerable problems and delays in attempting to develop a National Integrity System Country Study based on TI methodology. The reasons for the project’s lack of success so far have been inadequate institutional capacity, combined with lack of government cooperation and politicization of the project team. In addition, the project was hampered by inadequate risk assessment and mitigation plan at the outset—a problem found in several of the projects examined for this review. In this case, some risks were actually foreseen (such as excessive politicization in the country and lack of government cooperation) but they were dismissed lightly in favor of getting the project launched, without having an alternative plan in case the risks materialized, as they did.

***Media campaigns and the strengthening of investigative journalism to expose corruption and promote transparency and accountability***

Two projects fall in this category. One, carried out in Uganda, was highly successful; the other, in Nicaragua, was unsatisfactory. Because of the very different nature of the projects it is not possible to draw many common observations or lessons from them, except that they, like projects in all other categories, underscore the key importance of a good fit between a project's objectives and the capacity of its implementing CSO.

In Uganda, a highly energetic and imaginative individual established a new CSO in the southwest region of the country and developed a widely listened-to radio broadcast that occurred once a week for about a year. The program presented information about corrupt practices, interviews with key players such as local government officials engaged in the fight against corruption, and a call-in segment to enable listeners to ask questions and/or report on problems they had personally encountered. This is one of the projects visited for this evaluation and, in numerous interviews, the radio station, program participants and citizens strongly expressed the view that the program was "very important to us;" "people were eager to listen and hungry for information." According to the radio station's chief editor, "the response to the program was a surprise." "Large numbers of people called in during the program and called the station to get information on how to contact the organization."

By contrast, the project in Nicaragua, which was meant to develop and deliver a Masters' degree program on governance, public policy and anti-corruption strategies for journalists, is an example of a bad fit between the nature of the project and the implementing agency. Although the CSO had a good reputation as an election monitor, it had no expertise in mounting or even coordinating an academic program and therefore failed to deliver on the project's agreed outputs. In the event, the publication of a series of investigative reports based on the training—which was of major interest to PTF—did not materialize and the exercise was limited to a few hours of instruction attended by a small number of journalists.

*Cross-cutting issues: what has worked well and not worked well*

Six cross-cutting issues emerge from this review of the project record which suggest factors that have accounted for what has worked well and not worked well in the design and implementation of individual projects.

**1. A collaborative approach with relevant authorities.** This review finds that a leading indicator of a project's success is typically its establishment of good working relations with the relevant authorities in the area of concern. This has depended on the CSO's overall approach to the design of its activities, and its ability to identify and win the trust of the necessary officials to work on the project and facilitate it. This partnering/non-confrontational mode is a strong feature of the PTF model, as noted below, and is evident in practice.

**2. CSO fit.** Typically, in the many projects that have worked well, the CSO has had experience relevant to the objective and planned activities of the PTF-funded project. Although only a few projects failed, they and some of the projects only partially successful reveal, instead, a poor fit between project objectives and the capacity of the implementing CSO. This problem has arisen even in cases involving well established CSOs which have experience, but in areas or activities different from those involved in the effort supported by the PTF. These successful and less successful experiences highlight the importance of considering not only the intellectual capacity of CSOs but also their political skills, ability to adjust to changing circumstances and, in many cases, their association with the kinds of groups that need to be engaged in successful implementation or follow up of the project.

**3. Going beyond monitoring.** Many of the projects reviewed involve developing and carrying out monitoring activities of one kind or another. In 21 of the 29 projects that were reviewed for this study, there was active follow up with the public agencies concerned and in some 14 there was some identifiable action/change resulting from the project. But not all of the follow-on actions occurred within the life of the PTF project and the actual impact typically only happens over a much longer time. This raises the twin questions of what PTF should require of a project by way of forward planning and what it should do to help grantees think about next steps. We could not always tell from the written records what actually happened. Nor does PTF always know, which suggests

that it might want to invest in some retrospective evaluations (3-5 years after the conclusion of a project) which would help it over time to evolve its strategy and sense of effective project timeframes.

**4. The case for getting or staying involved.** It is not clear in all of the 29 projects why PTF chose to get or to stay involved. For example, in the case of the local government and legal aid projects in Poland, there was already another donor (the Soros Batory Foundation) which was regularly funding similar sorts of activity. In Sierra Leone, while the National Anti-Corruption Strategy project was seen as bolstering public acceptance of the new strategy, the CSO activities were modest and unlikely to lead to the establishment of a sustained process of CSO involvement in promoting improved public accountability. PTF has said that this project as a first step in helping to build the competence and confidence of the country's only CSO dedicated to fighting corruption, but the project was not really designed as a capacity building effort, as underscored by the fact that the organization lost momentum when its key person was hired away. Finally, the election monitoring project in Kyrgyzstan is an example of an effort where the PTF should probably not have stayed involved. Rather, given the weak performance of the CSO in the first stage of the project, PTF probably should have applied the brakes and not funded a second stage (which in fact was unsuccessful). Overall, these several examples—involving both successful and unsuccessful projects—raise the question of just where PTF sets the bar for project salience in making its selections and decisions about second tranche funding.

**5. Technical Assistance.** PTF's provision of TA—through the contribution of its volunteer project advisers or funding of expert consultants—is highly valued and clearly beneficial. For instance, in the case of Polish Green Network, most of the funding came from the EU, but that support was conditioned on PTF participation, mainly for its technical advice and prestige rather than its financial contribution. This raises the interesting question of whether PTF should consider unbundling its TA and financial support in specific cases. More generally, as its portfolio grows, PTF may want to think about how it can best deliver its technical assistance.

**6. Strengthening CSO capacity.** PTF may also want to consider how much of its mission is about building the institutional capacity of CSO's focused on governance

issues and whether it has invested adequately in this aspect of its mission. In fact, the issue is two-fold: at the project level, whether enough attention and resources are being devoted to the institutional strengthening of the beneficiary CSOs; and at a more macro level, whether PTF wants to be primarily an ‘activator’ of existing, capable, CSOs in the anti-corruption arena or act also as an ‘incubator’ of new and emerging CSOs to expand the pool of agents working in this area.

### **III. Effectiveness of the PTF Model**

The model used by PTF so far—a volunteer-based virtual organization providing technical advice and small grants to CSOs to fund time-bound anti-corruption projects in conjunction with public agencies—has served PTF well. But it has some drawbacks and imposes real constraints on PTF’s ability to scale up its operations looking forward. Its recent experience with regional funding schemes has also been of uneven success.

**Demand-driven approach.** To date, PTF has sought to give voice to existing civil society demands for transparency and accountability by responding to specific CSOs’ requests for support. In many cases, PTF’s technical advice has enhanced such requests by improving project design. Still, a strictly demand-driven approach may limit the potential overall impact of PTF’s work, which could seemingly be enhanced through a more managed approach designed to capture externalities and synergies among projects in priority areas and/or countries. That is, tailoring a critical mass of support to priority areas would presumably lead to better resource allocation and greater impact than would result from the more random process of satisfying existing stand-alone demands for support. In the future, PTF may want to continue to respond to unsolicited grant applications while at the same time stimulate requests with certain guidelines.

Using a managed approach would, however, have important implications for PTF’s modus operandi. In order to be effective, a managed approach would require a diagnostic tool to indicate priority areas for intervention in particular localities.<sup>3</sup> It would also lead PTF from a small-scale, short-term, project-oriented approach, to a more programmatic, longer-term approach to its interventions. In turn, this would require that PTF have more management and technical resources—and importantly, more local

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<sup>3</sup> PTF could obtain such diagnoses by partnering with Global Integrity, for example.

presence—than it currently has. Thus, it would also require that PTF itself have more secure and, longer-term funding.<sup>4</sup>

**Partnering, non-confrontational approach.** This is one of PTF’s greatest strengths. Requiring that CSOs directly interact with public agencies assures some buy-in and ownership on the part of *someone* within the establishment, facilitates access to critical actors/information and deflects potential criticism of ‘foreign intervention’ in sensitive quarters. By building connective tissue between civic society and public agencies, PTF helps to lay the foundation for future public/private collaboration in a particular area, and by example, in other areas. While some CSOs were initially hesitant about shedding their contrarian posture and partnering with a government agency—lest they be co-opted or branded as ‘collaborators’ by their peers—the experience was almost universally positive and in some cases (e.g. CIPPEC in Argentina and UJCC in Uganda) led to whole new areas of endeavor.

**Small, short-term, action-oriented interventions.** PTF operates on the premise that “small grants (US\$10,000-25,000) provided to CSOs for well defined direct actions, when backed by top quality advice, can have a *marked impact on reducing corruption*, as well as *help build local CSO capacities*”.<sup>5</sup>

In terms of the impact on corruption, while much of the experience so far bears testimony to this premise, it is also the case that the sustainability of the gains made is, in many cases, jeopardized by the lack of follow-on action. In the majority of projects reviewed, neither the proposals nor completion reports provide indication of specific, intended follow-own actions, though they may indicate in broad terms that the CSO intends to stay involved. In other instances, the benefits of an intervention could not be fully reaped within the timeframe and resources of the project; for example, as noted in the project completion assessment of the TI project on public procurement in Latvia, “the financing of a longer-term activity with short-term project funds creates problems.” Moreover, to the extent that the low-hanging fruit has already been picked, further interventions will likely require more time and resources.

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<sup>4</sup> Recent funding appropriations by DFID and the World Bank for PTF, which have significantly expanded PTF’s resource base and planning horizon, are significant in this regard.

<sup>5</sup> Outline Business Plan 2008-12, Draft 3 May 07, p. 1.

There is also the issue of critical mass and cumulative impact: whether a number of discrete, separate interventions have more or less sustainable impact than the same amount of resources used in a more concerted fashion. For instance, the success of each new round of textbook distributions in the Philippines owes a great deal to the learning-by-doing that has occurred in previous rounds.

In terms of building CSO capacities, the small, short-term nature of the interventions also raises some questions looking forward. So far, PTF has acted mostly as an ‘activator’ of already established CSOs of some renown in the anti-corruption area, enabling them to enlarge their presence through funding and technical advice. In the future, PTF may also want to play a role as an ‘incubator’, to help expand the pool of actors in the anti-corruption arena. If so, PTF would need to have a larger local presence—or a local partner—to help identify and work with small and emerging players with potential, and it would need to dedicate more time and resources to this effort.

**Minimalist management and volunteer-based approach.** It is amazing how PTF has been able to function thus far with such minimal overhead. A large part of this achievement is due to PTF’s reliance on a large group of experienced and dedicated volunteers. (e.g., NurJolBer in Kyrgyzstan and SERI in Nigeria were both substantially helped in the design of their activities by PTF advisers, interacting in the first case entirely through email.) Its ‘virtual’ nature is another ingredient, insofar as it does away with the need to have physical premises and all that that entails. The non-bureaucratic culture that permeates PTF also contributes to its smooth operation and low overhead. And last, but not least, is the fact that PTF has elevated marginal cost operating to a high art by systematically piggy-backing on other institutions’ outlays and opportunistically capturing externalities (e.g. site visits by advisors are typically tied to their travel for non-PTF work.)

Looking forward, it seems implausible that PTF will be able to continue to operate with such a lean, flat structure. PTF expects to increase considerably the rate of project approvals from 10 to about 50 a year in the next 5 years.<sup>6</sup> Such an expansion would make a very large claim on volunteer resources, not only during the approval phase, but also during the implementation, completion and evaluation phases. But even if

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<sup>6</sup> See, Outline Business Plan, op.cit, p. 4.

PTF were able to expand manifold its roster of volunteers, it would require significant additional administrative resources to keep the volunteers in tow and the records straight. Even now, project documentation is not as complete, organized and accessible as it should be for purposes of monitoring, evaluation, institutional learning and dissemination; a much larger volume of projects would simply overwhelm the system as presently structured.

It is our contention, based on these findings that PTF will need to significantly expand its local presence, either directly or through an alliance with a local organization, to help PTF identify and assess CSOs, identify and/or meet CSO's technical assistance needs, appraise project proposals and monitor implementation. This change is especially important for vetting CSOs and ensuring their fit with project objectives, determining when to get and stayed involved in a project, and helping to build CSO institutional capacity. However accomplished, an expanded local presence will require that PTF itself have a larger institutional capacity (including more technical and administrative resources).

**Regional approach.** PTF has recently begun experimenting with regional funding schemes. One such was a US\$150,000 ADB grant to support anti-corruption activities in 5 member countries, recently concluded. A more ambitious undertaking is FONTRA (Regional Fund for the Promotion of Transparency), a US\$1.2 million collaborative effort with IDB's Multilateral Investment Fund (MIF) and the Institute for Communication and Development (ICD/Uruguay), launched in 2006 to support activities in Argentina, Brazil, Chile, Paraguay and Uruguay.

FONTRA is interesting in concept, but rather less appealing in practice, for a number of reasons. MIF's US\$600,000 contribution requires matching dollar-for-dollar contributions from PTF, ICD and the private sector in the participating countries. This has placed a heavy burden on PTF and ICD to raise funds from the private sector. Moreover, only 61% of MIF's resources actually go to grants; of the rest, 30% go to administration and evaluation and 9% is set aside for promotion, dissemination and contingencies. In fact, *pari passu* conditions are such that for every dollar MIF puts in for support, the counterpart is actually \$1.50. If one adds to these hefty financial costs the

transaction costs implied by the need to synchronize four different parties for each operation, the scheme becomes distinctly less attractive.

On the whole, the experience to date has not been very satisfactory. Raising funds from the private sector has proved extremely difficult and quite onerous in terms of time and resources. The administration of FONTRA itself has proved a challenge: the original administrator has recently been replaced because of the generally unsatisfactory performance of the fund. The first call for proposals received 118 applications, of which 6 were originally selected and one subsequently cancelled. An approval rate of only 5% seems extremely low in comparison to PTF's other experience and suggests that participating CSOs collectively incurred a cost that was probably excessive vis-à-vis the real chances they faced of getting support. Furthermore, FONTRA is in the second of its 3-year execution period and only \$120,000 in grants has been allocated so far. All of this suggests that before the FONTRA experience is replicated, it should be subjected to a very thorough evaluation of its costs and benefits, both for PTF and for potential CSO beneficiaries.

#### **IV. Operational Practices**

This section reviews PTF's operational practices throughout the project cycle, from receiving funding requests to completing final project assessments.

**Submitting funding requests.** The process for submitting funding requests is simple and user friendly. According to PTF's website<sup>7</sup>, "PTF will consider requests for assistance from bone fide civil society organizations (CSOs) either in the form of a grant or by financing a 'partner' to provide specific expertise. The funding would support a well-defined action or set of actions involving interaction with a public authority and aimed at preventing or reducing corruption in connection with a specific public activity."

The project proposal is required to include:

- Background information explaining the mission, legal status, organization and management of the applying CSO
- A concise description of the proposed activity to be supported, its objectives and how these are to be achieved...(including) some assessment of the

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<sup>7</sup> See How to Apply for a Grant in [www.ptfund.org](http://www.ptfund.org)

expected impact on reducing corruption and clarity as to how the activity is to be managed

- A plan of action and itemized budget, with adequate explanations and justifications
- A detailed statement on the proposed reports to be made to PTF and on how the accounts are to be maintained and audited.

Applicants are also expected to provide some counterpart contribution to demonstrate commitment to the proposed activity. For its part, PTF is willing to provide assistance to CSOs who lack experience in project preparation.

In our opinion, the process itself is adequate and not unduly onerous to aspiring CSOs. But, with the prospect of enlarged funding, PTF may not be able to continue to rely on this rather passive demand-driven approach if it is going to be able to ensure enough high quality projects for its increased resources and achieve the enhanced impact of the overall portfolio through a strategic clustering of projects. Rather, it seems likely that it would need to adopt a more pro-active approach (involving strategic demand-management, as noted above, or demand-stimulus through, inter alia, a larger local presence).

**Criteria and process of selection.** PTF's guidelines<sup>8</sup> indicate that "the starting point for PTF is to evaluate whether the project, if properly implemented, would contribute in a direct and significant way to reducing or preventing corruption". Other considerations take into account whether the project:

- Is innovative, could serve as a model, and generate important lessons
- Would help strengthen the CSO's capacity to carry out anti-corruption work
- Is time bound with a specific monitorable outcome at the end
- Entails some interaction with and support from a public agency
- Requires an independent source of finance

In addition, the guidelines require assessment of the CSO's institutional capability to implement the project and analysis of the financial aspects of the proposal.

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<sup>8</sup> See Project Evaluation Criteria in [www.ptfund.org](http://www.ptfund.org)

Successful proposals end in a grant agreement that spells out the project scope and objective, the reporting and accounting requirements and the disbursement conditions. Normally, PTF disburses in three tranches (one on signing, one at mid-term on meeting some clear benchmark, and the final one on receipt of a satisfactory completion report). For their part, CSOs are expected to provide quarterly reports assessing progress/problems in project execution, plus a project completion report at the end, indicating what the project has achieved, what the impact on corruption has been, and issues relating to its sustainability and replicability.

The evidence indicates that, by and large, PTF follows the script in selecting its projects. It also reveals—at the project level—a wide range of variation in the amount of assistance provided by PTF to CSOs in refining, sharpening, calibrating and re-dimensioning their original proposals. While some variance is to be expected in terms of differences in the inherent quality of the original proposals, we also suspect that the documentation available does not always reveal the full extent of interaction and iteration that actually took place. In fact, one of our recommendations to PTF is to keep better track of the documentation and correspondence at every stage of the project cycle.

There are, however, certain weaknesses in PTF's project selection process. The single most important shortcoming in this regard across the portfolio of projects examined is the lack of an adequate risk assessment and plans for contingent remedial action (i.e. Plan B) in project proposals. The lack of a risk-mitigation-cum-contingency-strategy is a particularly serious omission when one is dealing with an inherently risky and politically sensitive endeavor, such as fighting corruption. In fact, in several cases, risks materialized that could have been anticipated but were not addressed, forcing the CSOs to improvise under duress. In the event, some CSOs proved more flexible and adaptable than others (e.g. Grupo Faro in Ecuador). But the larger point is that both PTF and its partner CSOs operate in an inherently risky environment so that it behooves both to assess the risks up front and develop a suitable contingency strategy *before* risks materialize.

Another shortcoming in the selection stage appears to be the vetting of CSOs. Currently, PTF relies largely on references from two-three individuals or organizations that have worked with or know the CSO. But PTF has no good way of ensuring the level

of attention of those referees or the rigor of their assessments. In some cases, problems have arisen because of the manifest incapacity of the CSO to carry out the task at hand (e.g. Venezuela). In other cases noted above, the issue has been less a matter of capacity than of the fit of the CSOs' capacities with the specific project objectives (e.g. ET in Nicaragua). At any rate, PTF needs a more reliable mechanism for vetting its potential partners, which would be helped by building PTF's local presence (either directly or through a surrogate).

**Implementation.** Responsibility for implementation obviously lies with CSOs; PTF monitors project execution primarily through quarterly progress reports and occasional on-site visits, where opportunity allows.

The current quality and consistency of the reporting varies considerably across projects—from excellent to extremely poor. In terms of reporting, by and large, no news tends to be bad news: CSOs are eager to report progress when it happens, but tend to go autistic when things go wrong. (e.g., ForDIA in Tanzania which stopped communicating when it was unable to continue the project due to the unexpected loss of co-funding which had been promised by another donor.) Reportedly, some CSOs are reticent to acknowledge difficulties in implementation, especially if they have to do so in writing (email, in this case), out of concern that such an admission might put them in legal/financial jeopardy. Others may choose to postpone acknowledging problems on the expectation that, in time, they will overcome them; or simply gamble on the notion that if they don't admit to failure, PTF may not find out about it.

Be that as it may, it is apparent that while arms-length, remote monitoring allows PTF to operate on a shoestring, it also has its drawbacks. One is that reliance on reports that may or may not be timely and/or accurate and/or complete—constrains PTF's ability to ascertain or validate what is actually happening on the ground. A corollary effect is a limitation on PTF's ability and opportunity to provide timely technical advice (e.g., Venezuela). More generally, PTF's arms-length approach to grant-making—i.e. the fact that it does not get to meet face to face many of its grantees—may lead CSOs to regard PTF more as a source of funding (i.e. a 'donor') than a 'partner', thereby curtailing PTF's opportunity to add value through technical advice, not just at the project design stage, but throughout the whole project cycle. PTF volunteers emphasize this point.

PTF's response to unexpected contingencies during project execution reveals, on the one hand, leniency and flexibility in terms of approving project adjustments; and, on the other hand, a reticence to 'pull the plug' when prospects for success look dim and to provide a quick infusion of a small amount of additional resources when needed to complete a successful intervention. Admittedly, once funds have been committed, PTF's options are limited: they essentially boil down to cutting its losses, or increasing its investment in terms of dollars and/or technical support to salvage a troubled operation. The record shows that, in most cases, PTF has been willing to settle for alternatives to the originally agreed upon course of action rather than abort the operation. But it has not always had sufficient information on the project's progress nor applied funding flexibly to respond to difficulties that arise. As noted above, a more thorough assessment of risk and contingency planning at the design stage would clearly facilitate project execution when anticipated risks do materialize.

**Project completion—assessment and lessons.** At the end of a project, PTF expects the beneficiary CSO to prepare a full report on what the project has achieved, what the impact on corruption has been, and on its sustainability and replicability. In addition, whenever feasible, PTF undertakes an ex-post assessment of the project implementation and results, to ascertain whether the purposes of the grant were achieved and the funds used as provided for in the grant agreement, and to draw lessons of experience for application to future activities.<sup>9</sup> In all, 13 of the 28 completed projects covered in this report have had ex-post project completion assessments done. The vast majority of them validate the essence of CSOs' claims regarding implementation experience and results, while adding valuable hind-sight reflections on how project design could have been improved and key implementation issues handled better, as well as drawing lessons to inform future PTF activities and modus operandi.

What does not emerge clearly from our review is how effectively these lessons actually translate into institutional learning either by PTF itself or by its partner CSOs. This suggests that PTF should make a greater effort to systematize, catalogue and share these valuable lessons from experience by, inter alia, making better use of web-based information and communication technology, including interactive sites for dialogue

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<sup>9</sup> PTF Project Completion Assessment Guidelines, p.1.

among similar sorts of projects, and promoting communities of practice around similar issues. In this regard, it might also be useful to develop and post on the web, in a user-friendly manner, a number of case studies (of single projects or clusters of projects) that exemplify particularly valuable lessons and experiences for others to learn and draw inspiration from.

## **V. Implications for PTF's business plan**

Building on its experience over the past seven years and prospects of substantial new funding, PTF now plans a major expansion of its activity in 2008-12. This expansion is to be achieved by three changes in its current business model: 1) an increase in its rate of project approval from 10 a year to 50 a year; 2) a doubling of the average project size from some \$20,000 to \$40,000; and 3) employment of a paid manager. PTF also intends to further experiment with alternative delivery mechanisms for its support of CSOs, adding a country program approach to its current direct and regional mechanisms. In addition, it plans to enhance its capacity building support by offering more intensive technical assistance input to single projects and providing to CSOs who prove effective a series of project support, each of which would build on its predecessor.

The findings of this review are, on the whole, supportive of PTF's plan for the next five years. The rate of project success justifies a scaling up of activity. Employment of a paid manager is clearly necessary to handle this increase as well as to respond to the need for better and more accessible record keeping and coordination of much more gathering and sharing of lessons of experience. The addition of country programs offers a way for PTF to enhance its catalytic effect through what this review has called a "managed" approach; and project experience demonstrates the value of greater capacity building support in the ways proposed. The findings do not, however, see project size as a key issue, though larger amounts of funding from the outset may occasionally make sense. Rather, what would seem to matter most is how funds are apportioned and released to accomplish project objectives—including tranching the release of funds and sequencing successive projects with more specific milestones and more hands on (face-to-face) engagement with grantees. This requires a greater local presence on the part of PTF, as indicated above, but not adequately addressed in the business plan.

## VII. Recommendations

Five main recommendations stem from our findings, which are based on desk reviews of documents and correspondence, conversations with PTF officers and advisers, and interviews with beneficiary CSOs and other stakeholders in the field. The recommendations assume, looking forward, the sizeable expansion of PTF activity as envisioned in its ambitious Business Plan 2008-2012.

1. **Enhance local presence.** In our view, this development is key to elevating PTF's overall effectiveness. An enlarged local presence would allow PTF to better assess the relevance of a proposal to a particular environment and better appraise its merits in that context; it would facilitate vetting of potential beneficiary CSOs and even allow PTF to play a role as 'incubator' of new actors in the local anti-corruption arena; it would aid in the identification of technical assistance needs and in the delivery of such assistance; it would certainly help in managing the project and monitoring its implementation; and conceivably, it would enable PTF to better leverage its resources by exploiting synergies and externalities. We do not find similar compelling arguments for an enhanced regional presence, except insofar as the establishment of regional facilities may allow PTF to scale up its own fundraising. Even then, the FONTRA experience is a cautionary tale that the presumed economies of scale of a regional initiative may be more than offset by additional layers of bureaucracy and overhead.
2. **Diversify the approach to funding.** One size does not fit all. We recommend, therefore, that PTF adopt a more flexible 'menu' approach to funding, encompassing various delivery mechanisms. We are not arguing against the small scale, time-bound, stand-alone project: this may be appropriate in many cases, and is almost always the best instrument to pilot new, risky activities or support new CSOs. Rather, we argue for the inclusion of new instruments in PTF's tool kit, so as to enable it to pursue broader and/or longer-term objectives through various funding modalities. Specifically, we envision a project-program continuum enabling PTF to better tailor instrument to need. Where previous experience has been fruitful, moving to a more programmatic approach might elevate the

cumulative impact on corruption beyond what could be achieved with the same resources in separate, disjointed actions. More flexible funding modalities, including staged/follow-up funding, would also enable PTF to better bridge the gap between monitoring and awareness-raising activities—where interventions have been generally quite effective—to more concrete anti-corruption direct actions—where experience has generally been less effective. In all, we would recommend an approach to funding that includes short-term project financing for first time grantees, a sequence of projects to support moving to direct action (with expectations on the project’s actual impact increasing with each follow-on activity), and programmatic support either for one or a multiplicity of CSOs working on a specific issue where prior experience clearly indicates the potential for greater impact.

3. **Include better risk-assessment and contingency planning at the project design stage.** This is an imperative in this inherently risky area of endeavor. As argued in the main body of the report, better anticipating up front what might go wrong and what to do about it if it does, would greatly reduce implementation woes later on.
4. **Keep better and more accessible records.** This is a must for a virtual, paperless organization such as PTF. We are not sure of the extent of the problem, but we found obvious gaps in what must have been correspondence or communication between PTF and some of its grantees. We also encountered difficulties with the way records are dated (or rather, undated) and organized and believe this problem needs to be addressed.
5. **Increase the sharing of experiences.** First of all, PTF needs to do a better job of systematically cataloguing and disseminating lessons learned. We also recommend that PTF take a more pro-active role in decanting and sharing lessons from experience by broadening the focus of stock-taking from individual projects to clusters of activities (organized along geographic, thematic lines, etc.) by using case studies commissioned and funded by PTF.

## Appendix A: List of Projects Reviewed

Country	Organization	Project	Start Date	Amount of PTF Funding
Argentina*	ACIJ	Strengthening the Role of the Auditor-General	October 2004	\$21,900
Argentina*	CIPPEC	Promoting Better Access to Public Information	April 2004	\$17,200
Argentina	Poder Ciudadano	Transparency in Public Procurement	March 2005	\$24,370
Ecuador	Grupo Faro	Inhibiting Political Use of Social Programs	February 2006	\$24,000
Ghana	Ghana Integrity Initiative (GII)	Raising Public Awareness	April 2005	\$18,000
India	Public Affairs Center (PAC)	Review of the Use of Citizen's Charters	November 2005	\$25,000
Kyrgyzstan	NurJolBer	Addressing Corruption in the Education Sector	February 2007	\$22,560
Kyrgyzstan	TI-Kyrgyzstan	Monitoring Elections	December 2004	\$25,440
Latvia	DELNA	Integrity Pacts	March 2006	\$24,000
Latvia	PROVIDUS	Monitoring Anti-corruption Lawmaking	February 2005	\$14,801
Liberia	Green Advocates	Fighting Forest Corruption	July 2006	\$26,650
Mongolia	World Wildlife Fund Mongolia (WWF)	Monitoring Corruption in the Mining Sector	October 2006	\$21,500
Mongolia	Women for Social Progress (WSP)	Regulation of Conflict of Interest	November 2006	\$16,449
Nicaragua*	Etica y Transparencia (ET)	Strengthening Investigative Journalism	February 2005	\$22,000
Nigeria	Socio-Economic Rights Initiative (SERI)	Enhancing Public Sector Financial Accountability	May 2004	\$25,000
Pakistan	Healthfile	Assessing Governance for Eliminating	November 2006	\$23,183

		Corruption in the Health Sector in Pakistan		
Philippines	G-Watch	Tracking School Textbooks (3)	March 2005	\$24,982
Philippines	G-Watch	Civil Society Participation in Textbook Count 4	November 2006	\$22,555
Philippines	Environmental Cooperation & Linkages (ECOLINK)	Anti-Corruption and Transparency in Oroquieta City, Mindanao	November 2006	\$16,500
Poland	TI Poland	Citizen's Anti-Corruption Legal Toolkit	July 2004	\$20,000
Poland	Polish Green Network	Monitoring Environmental Protection Funds	February 2006	\$16,500
Poland	Association of Local Civic Groups	Local Government Transparency: Enhancement of Public Funds Distribution Standards	February 2005	\$24,818
Sierra Leone	National Accountability Group (NAG)	Dissemination of National Anti-corruption Strategy	July 2005	\$21,350
Slovakia	TI Slovakia	Enhancing Public Procurement	August 2004	\$25,000
Tanzania	Concern for Development Initiatives in Africa (ForDIA)	Implementation of National Anti-corruption Strategy	July 2004	\$25,000
Tanzania*	Voters Education Trust Fund (VETO)	Monitoring Privatization	March 2004	\$16,200
Uganda *	National Foundation for Democracy and Human Rights (NAFODU)	Radio Broadcast on Preventing Corruption	February 2007	\$25,000
Uganda*	Uganda Joint Christian Council (UJCC)	Tracking Primary Education Expenditure	March 2005	\$20,000
Venezuela	TI Venezuela	National Integrity System	July 2005	\$21,000

\*Site visits

## Appendix B: Project Achievement Ratings

Category/Project	Achievement Rating
<b>Monitoring Public Procurement</b>	
Argentina (PODER)	Satisfactory
Latvia (TI)	Satisfactory
Slovakia (VETO)	Satisfactory
Tanzania (VETO)	Unsatisfactory
<b>Monitoring Public Agencies</b>	
Ecuador (Grupo FARO)	Satisfactory
Kyrgyzstan (NurJolBer)	Partially satisfactory
Kyrgyzstan (TI)	Unsatisfactory
Liberia (Green Advocates)	Satisfactory
Pakistan (Healthfile)	Partially satisfactory
Philippines (Ecolink)	Highly satisfactory
Philippines (G-Watch)	Highly satisfactory
Philippines (G-Watch)	Highly satisfactory
Poland (AGCC)	Satisfactory
Poland (Polish Green Network)	Satisfactory
Tanzania (ForDIA)	Partially satisfactory
<b>Public Expenditure Tracking</b>	
Argentina (ACIJ)	Highly satisfactory
Uganda (UJCC)	Highly satisfactory
<b>Drafting/implementation of anti-corruption legislation and regulations</b>	
Latvia (PROVIDUS)	Partially satisfactory
Mongolia (WSP)	Satisfactory
Mongolia (WWF)	Satisfactory
Nigeria (SERI)	Satisfactory
<b>Promoting Transparent Government</b>	
Argentina (CIPPEC)	Satisfactory
Ghana (GII)	Satisfactory
India (PAC)	Satisfactory
Poland (TI)	Satisfactory
Sierra Leone (NAG)	Satisfactory
Venezuela (TI)	Unsatisfactory
<b>Media Campaigns and Journalism</b>	
Nicaragua (ET)	Unsatisfactory
Uganda (NAFODU)	Highly satisfactory