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Sector and Thematic Evaluation

IDB Support to Strengthen Public Sector Transparency and Integrity in Latin America and the Caribbean

IDB Group

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CONTENTS

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ACRONYMS AND ABBREVIATIONS

EITI	Extractive Industries Transparency Initiative
FMM	Fiscal Management Division
FMP	Operations Financial Management and Procurement Services Office
ICS	Innovation in Citizen Services Division
IDB	Inter-American Development Bank
IDB-9	IDB's Ninth General Capital Increase
INL	Investment Loan
LAC	Latin American and the Caribbean
OECD	Organization for Economic Co-operation and Development
OVE	Office of Evaluation and Oversight
PAACT	Action Plan to Support Countries in Their Efforts to Fight Corruption and Foster Transparency (*for its Spanish acronym*)
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
SFD	Sector Framework Document
SPH	Social Protection and Health Division
SSUCS	Strategy for the Strengthening and Use of Country Systems
TC	Technical cooperation
T&I	Transparency and Integrity
TTF	Transparency Trust Fund
WGI	Worldwide Governance Indicators

EXECUTIVE SUMMARY

This evaluation assesses the relevance and effectiveness of the Inter-American Development Bank (IDB, or the Bank) contribution to strengthening public sector transparency and integrity (T&I) in Latin America and the Caribbean (LAC) between 2010 and 2023. This period was marked by persistently high perceived corruption, weakening governance indicators, and frequent reports of bribery for basic services, with citizens repeatedly naming corruption as a top national concern (Transparency International, 2024; Worldwide Governance Indicators, 2024; Latinobarometro, 2023). The evaluation focuses on the IDB's sovereign-guaranteed T&I work (excluding IDB Invest) and examines whether targeted interventions can curb opportunities and incentives for corrupt behavior. It is guided by two core questions: (i) h*ow relevant has the Bank's T&I work been in client countries?* and (ii) t*o what extent have T&I operations achieved their intended objectives?*

The evaluation provides a conceptual framework that groups IDB T&I interventions under four policy objectives and uses a mixed-methods approach to answer the evaluation questions. To provide a consistent analytical structure for assessing relevance and effectiveness across a diverse and fragmented portfolio, OVE developed a conceptual framework that groups 12 types of IDB T&I interventions under four policy objectives: (1) reducing opportunities for corruption, (2) increasing public oversight, (3) reducing impunity, and (4) changing societal norms. The evaluation covers IDB's T&I Bank-wide, sector, and country strategies and a portfolio of 343 sovereign-guaranteed operations totaling $20.8 billion with at least one T&I-related activity during the evaluation period, including policy-based loans (PBLs), investment loans, and technical cooperation (TC) projects (the T&I portfolio). OVE combined machine learning with manual review to map the T&I portfolio to the four policy objectives and applied a mixed-methods approach—review of strategies and literature, portfolio analysis, qualitative interviews of IDB staff and beneficiary institution counterparts, and eight country case studies—to assess relevance (strategic alignment with country needs, diagnostics, and IDB priorities and experience) and effectiveness (the extent to which operations achieved T&I-related objectives).

The evaluation has limitations. The analysis is constrained by gaps in self-evaluation coverage, the absence of explicit T&I objectives or indicators in many projects, and the long-term, non-linear nature of governance reform. Findings, therefore, focus on direct, evidence-based outcomes rather than attempting to quantify the Bank's broader contribution to reducing corruption in the region.

Relevance

Over two decades, the Bank produced an extensive body of corporate, sector, and country strategies related to T&I, but they have not coalesced into a coherent, operationally grounded framework to guide its support in the area.

The strategic prominence that the IDB has given to T&I has not been fully operationalized. Although the Bank maintained a sizable T&I portfolio—conducting more T&I activities in the region and disbursing more during the evaluation period than other MDBs—this engagement has not been commensurate with the ambitions of its strategies. Moreover, only 31 loans ($2.1 billion) in the T&I portfolio (less than 10% of the total) were fully dedicated to T&I, and most operations lacked explicit T&I objectives or indicators. While fully dedicated T&I lending expanded somewhat, overall T&I engagement declined after 2019: the number and volume of T&I operations fell from an average of 29 operations and $1.7 billion per year in 2010–2019 to 14 operations and $0.9 billion per year in 2020–2023 as operations with some T&I activities contracted and the TTF—which had financed about one-third of T&I TC projects—wound down and closed. Fully dedicated T&I support was also geographically narrow, reaching only about half of borrowing member countries, with the rest receiving only more modest embedded or TC-based engagement.

T&I support was not systematically deployed in higher-corruption environments. There was no correlation between the intensity of T&I engagement and countries' scores on the Worldwide Governance Indicators control of corruption index, which combines surveys and expert assessments to capture the extent to which public power is used for private gain. This may reflect demand-driven selection and context dependent responsiveness—countries with higher perceptions of corruption may be less likely to seek integrity reforms, and improvements in perceptions of corruption in such countries may be slower to materialize—the fact that countries may be receiving support from other development partners or that governments are acting independently on T&I, or misalignment between IDB support and corruption risk.

OVE identified six entry points for engaging in a T&I dialogue with countries. The Bank used several of them in various countries. The six entry points are: (1) national strategies that referred to corruption, (2) countries' ambitions to align with international standards, (3) corruption scandals, (4) anti-corruption government platforms, (5) cooperation with other international organizations, and (6) diagnostics and efforts to strengthen fiduciary work. The Bank identified and used several of the entry points to establish a dialogue on T&I with various countries, which in some cases led to the inclusion of T&I in IDB strategies and operations.

The Bank's translation of national development strategies and ambitions for international recognition into relevant operations was mixed. In Bolivia, Chile and Colombia, IDB country strategy objectives on governance and public management were explicitly aligned with national priorities on transparency and integrity, and the Guyana 2017–2021 country strategy reflected the country's commitment to join the Extractive Industries Transparency Initiative (EITI) and linked national T&I goals to IDB objectives and expected results on public expenditure transparency, public financial management, and natural resource revenue management. By contrast, in Mexico and in Guyana's earlier 2012–2016 strategy, national plans emphasized transparency, accountability, and stronger public administration, but these priorities were not translated into T&I-focused strategic objectives in IDB's country strategies or relevant T&I interventions. Because potential explanations—such as the Bank's perceived comparative advantages or the role of other partners—were not documented, the scarcity of relevant T&I operations likely reflects missed opportunities to provide IDB support for T&I.

Corruption scandals and incoming governments with explicit anti-corruption platforms provided powerful entry points for the Bank's T&I support when conditions were right. In Chile, mid-decade corruption scandals opened political space for a comprehensive T&I reform agenda, and the Bank responded with a programmatic series of PBLs and TC—drawing on earlier public management work—to support T&I reforms. In Argentina, the 2015–2019 administration's State Modernization Plan put transparency, digital government and open data at the center of its reform agenda, creating strong demand and institutional backing for a substantial T&I program that combined a variety of loans across access to information, civil service reform, political checks on corruption, procurement, and public expenditure tracking. Together, these cases show that when corruption crises and reform-minded governments create clear mandates, the Bank can deploy sizeable, well-aligned T&I portfolios, although such engagement depends on reacting to unpredictable windows of opportunity rather than on a systematic approach to building entry points.

Entry points linked to diagnostic work and other development partners offer substantial underused potential to sharpen the Bank's T&I portfolio and position it more strategically. Joint diagnostics—such as Public Expenditure and Financial Accountability (PEFA) assessments, the Methodology for Assessing Procurement Systems (MAPS), and SSUCS assessments—and growing governance and anticorruption support from multilateral and bilateral partners could provide powerful triggers for well-sequenced, evidence-based T&I operations. The Bank has used tools such as the TTF and the new Institutional Capacity and Rule of Law Country Matrices to open dialogue and design country-specific and regional initiatives, but in practice, multi-donor coordination remains largely ad hoc and informal.

Effectiveness

The evaluation assessed effectiveness by examining how far IDB operations advanced the four policy objectives of the conceptual framework. OVE focused on observed T&I gains rather than on whether projects met their original targets, recognizing that many operations lacked T&I-specific objectives or relied on over-ambitious or poorly aligned indicators, which were treated as measurement limitations rather than proof of failure. Cross-cutting and comprehensive reform efforts, typically supported through programmatic PBLs, were assessed as bundles of mutually reinforcing measures, with the analysis focusing on whether these sequences of reforms plausibly strengthened T&I systems even where final outcomes, such as changes in corruption levels or illicit financial flows, could not be cleanly captured or attributed.

Under policy objective 1 (reducing opportunities for corruption), procurement and identification systems reforms delivered strong results when layered onto mature systems while more limited outcomes in weaker contexts reflected design shortcomings in assessing baseline capacities and institutional readiness. Procurement operations typically modernize public procurement laws, strengthen open and competitive bidding through standardized procedures and e-procurement platforms, and publish contract information to improve transparency and oversight. The literature consistently finds that such reforms can reduce discretion, lower prices and curb corruption. Identification systems operations—which allow governments and citizens to verify who is entitled to social benefits—typically provide people with more reliable IDs, clean up and interconnect government eligibility lists, and establish tools and procedures to ensure money doesn't go to fictitious or unqualified recipients. Empirical studies indicate that robust identification frameworks reduce leakage, fraud and payments to ineligible beneficiaries. Procurement operations in Argentina and Colombia leveraged existing computer platforms, units, and rules to expand e-procurement use and reduce government purchase prices. In Colombia, spending on some public contracts—such as insurance for vehicles and cleaning services—fell significantly. Similar reforms in Jamaica and El Salvador coincided with ongoing modernization of legal frameworks and the deployment of complex new e-procurement systems due to limited information technology capacities. However, project design did not sufficiently account for the timing of these changes. Effective operations aiming to enhance identification systems for social protection and cadastral management—in Honduras and, to a lesser extent, Panama—modernized registries, standardized eligibility rules, and improved data integration, strengthening transparency and consistency in beneficiary identification. By contrast, efforts in the Dominican Republic and Bolivia were hampered by weak inter-ministerial coordination, lack of dedicated budgets and legal mandates for system use, and technical and capacity constraints that limited sustainability.

Efforts to support policy objective 2 (increasing public oversight) through financial transparency showed that institutional strengthening and alignment with standards can yield meaningful gains, but measurement issues often made it difficult to assess the results. Operations supporting reforms to increase financial monitoring typically help government authorities disclose and share clearer, more timely information on budgets, taxes, and public spending, while strengthening the rules and systems that enforce financial regulations. Research on financial transparency shows that such measures can deter tax evasion, illicit flows and abuse of public office when authorities use the data to detect and sanction wrongdoing. A well-designed operation in Ecuador expanded tax information exchange between the tax administration and tax authorities in other countries, helping authorities identify an estimated €84 million in additional revenue. In Guatemala, a PBL significantly strengthened the institutional architecture for tax enforcement and anti-money-laundering protections by creating specialized tax investigation units, modernizing taxpayer registries, and strengthening interagency cooperation. Yet it fell short of its target to reduce illicit financial flows, largely because this outcome is ambitious, hard to measure, and sensitive to external conditions rather than a precise gauge of the project's achievements.

Under policy objective 3 (reducing impunity), support for internal and external audit institutions was sometimes associated with improvements in audit quality. Operations to reduce impunity by bolstering internal and external audit institutions typically strengthen audit offices so they can verify how public money is used, report problems clearly, and push for real follow-up. This often means clarifying their powers, improving their skills and tools, and tightening the rules so that audit findings lead to sanctions or fixes rather than being ignored. The literature on audit and control institutions suggests that these measures enhance the detection and deterrence of the misuse of public resources, but the impact hinges on audit independence, technical quality, and systematic follow-up. In Colombia, a focused investment loan modernized the Comptroller General's Office, aligned it with international standards, introduced specialized audits, strengthened quality control, and improved follow-up, increasing the share of entities subject to financial or compliance audits. In Jamaica, a public-sector modernization project supported training for 130 auditors and the performance of six information systems audits. However, it did not undertake activities to improve other types of internal audits, including financial, compliance, and performance audits.

A few operations aimed at policy objective 4 (changing societal norms) showed potential to help sustain and deepen gains achieved through more traditional institutional and legal T&I reforms by increasing the moral costs of corruption. Operations supporting changing societal norms by increasing the moral costs of corruption typically fund information and education campaigns that spell out the harms of corruption, encourage schools and media to promote integrity, and strengthen channels for citizens to monitor public action so that corrupt behavior carries higher social costs. Studies find that such interventions can shift attitudes and behavior. In Chile, a comprehensive PBP series that combined legal and regulatory reforms with compulsory civics education catalyzed far-reaching upgrades to the integrity framework and introduced citizenship-training plans in most schools nationwide, embedding societal norms alongside structural changes. In Colombia, an investment loan that strengthened the preventive role of the Office of the Attorney General and piloted citizen oversight mechanisms engaged thousands of citizens and institutionalized participatory monitoring through a formal resolution, illustrating how civil society empowerment can reinforce accountability.

Comprehensive T&I reforms supported by PBPs showed that well-designed, strongly owned cross-cutting operations fully dedicated to T&I can deliver substantial results. Evidence from the literature indicates that bundling multiple reforms can shift incentives at a system level and reduce opportunities for corruption displacement. However, bundling is only effective when reforms are politically sponsored, clearly prioritized, well sequenced, adequately resourced and coordinated across agencies. Otherwise, broad agendas risk overreach, reform fatigue, and stalled or fragmented implementation. Six core PBP series approved in Argentina, Chile, Honduras, Paraguay, and Suriname during the evaluation period supported comprehensive, tailored reform packages anchored in legislative change on access to information, ethics and conflict-of-interest regimes, asset and interest declarations, political finance, procurement and concessions, internal audit, and financial transparency. Chile also introduced civic education at scale. The three series with validated results—Argentina, Paraguay, and Chile—were largely effective in achieving their intended T&I reforms, yielding stronger access to information and financial reporting in Argentina; expanded transparency, e-procurement use, and financial crime prosecution in Paraguay; and improved financial declarations, merit-based hiring, contract integrity, and civic education coverage in Chile.

Recommendations

Given the findings of this evaluation, OVE recommends the following:

1. **Systematically identify and use entry points, within a demand-driven business model, to shape dialogue and sequencing of T&I engagement in areas where risks are high, and the Bank has comparative advantage.** The IDB should aim to increase the intensity of T&I engagement in the areas in which it has a comparative advantage in countries with low or declining T&I scores on indicators such as the Transparency International Corruption Perception Index and the Worldwide Governance Indicators control of corruption index. Suggested entry points to monitor and follow up on include: (1) countries that have approved national strategies that refer to corruption, (2) countries that have stated the intention to align with broad or sector-specific international T&I standards, (3) countries experiencing corruption scandals, (4) countries that have launched anti-corruption government platforms, (5) countries that are receiving support from other multilateral and bilateral agencies on T&I, and (6) countries where IDB is conducting diagnostics and supporting strengthening of country fiduciary work (that is, work on ensuring that public funds are used legally, transparently, and for their intended purpose). Where alternative conceptualizations or prioritizations of entry points are applied, these should be clearly documented in operational designs or other documents that support learning and evaluability. The IDB's successful use of entry points in Argentina, Bolivia, Chile, Colombia, and Guyana during the evaluation period can be taken as a reference. When attempts to establish a dialogue with the countries with the greatest T&I risks are unsuccessful, the Bank should maintain internal documentation on whether the country is not interested in receiving support or whether it is already addressing those needs (independently or in partnership with other development institutions).

2. **Within a demand-driven business model, work towards closing the gap between T&I strategies and operational implementation.** This implies working to build country demand, reform readiness, and addressing political economy constraints to translate the extensive body of corporate, sector, and country strategies related to T&I

that the Bank has developed during the past two decades into a sustained pipeline of operational work. In the context of the implementation of the 2024 IDB Institutional Strategy Impact+ and the upcoming State Effectiveness: Institutional Capacity and Rule of Law Action Plan, OVE recommends: (1) ensuring that the dialog that stems from the entry points covers both strategic directions and potential operational implications; (2) work on finding alternative mechanisms to the TTF to support reversing the reduction of the T&I operational pipeline that the IDB has experienced in the past several years; (3) requiring teams developing an operation on sectors for which T&I is critical (such as public sector, infrastructure, social or natural resource management) to assess and record whether T&I issues should be addressed when they are critical to address the development challenge that the project wants to tackle, and, if so, to clarify whether the operation or complementary interventions are addressing them; (4) when operationalizing T&I work in client countries, maximizing synergies with other development partners working in the area**.**

3. **Continue to deploy IDB's instruments to support the four T&I policy objectives while building the knowledge required to maximize the effectiveness of T&I operations.** Continue to provide robust support for the four policy objectives —(1) reducing opportunities for corruption, (2) increasing public oversight, (3) reducing impunity and (4) changing societal norms—while simultaneously building an evidence base on which types of interventions and combinations of interventions work best and under what conditions. T&I activities that remain highly relevant, have demonstrated effectiveness and should therefore be continued, include targeted reforms that modernize public procurement and e-procurement (Paraguay, Suriname), strengthening tax enforcement and financial transparency through data integration and information exchange (Ecuador, Argentina), upgrading internal and external audit institutions (Guatemala, Paraguay), and improving identification systems and registries to reduce leakage (Honduras, Panama), together with comprehensive, well-sequenced PBP series bundling legislative reforms on access to information, ethics and conflicts of interest, asset declarations, procurement, and civic education (Argentina, Chile, Paraguay). Building a systematic evidence base to promote effectiveness may include comparative analysis of (1) means of identifying and mechanisms for taking advantage of the six entry points, (2) operations fully devoted to T&I components versus operations partly including T&I activities, (3) comprehensive, programmatic series versus narrower or one-off engagements, and (4) country conditions that shape results under the four policy objectives.

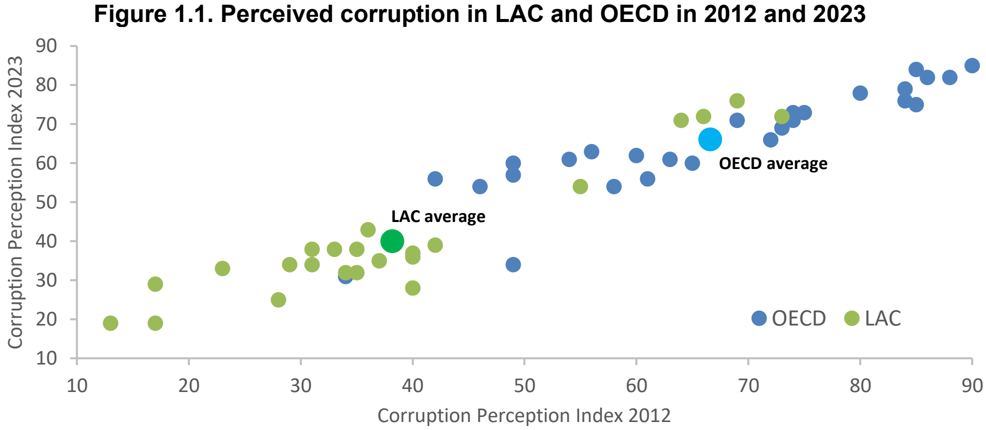
4. **Improve measurement and reporting on T&I interventions, while acknowledging inherent limitations in assessing their outcomes.** Operational teams should: (1) ensure that any operation financing T&I-related activities clearly identifies its T&I objectives and includes a small set of realistic targets and fit-for-purpose indicators, prioritizing intermediate outcomes that capture institutional or behavioral change and using output indicators where outcome data are not feasible; (2) avoid relying on high-level impact measures—such as illicit financial flows or national corruption indices that cannot be tracked regularly or lie largely beyond the control of a single operation—to assess the results of specific interventions (for example, assessing relatively narrow e-procurement and capacity-building activities against a broad PEFA procurement indicator they were not realistically positioned to influence); and (3) explicitly acknowledge in project design and self-evaluation the inherent limits of measuring T&I outcomes, given long causal chains, perception-based indicators, multiple actors, and external shocks, so that weak performance against poorly chosen indicators is not misread as an absence of meaningful results.

I. INTRODUCTION

1.1. **Corruption has well-known detrimental effects on development**. Corruption—the abuse of public office or entrusted power for private gain—undermines investment, raises sovereign risk and borrowing costs, weakens education, diverts funds from essential services, inflates infrastructure and health costs, erodes trust in institutions, threatens democracy, deepens inequality, stifles growth by skewing competition, and fuels crimes like tax evasion and money laundering (IDB, 2020).

1.2. **Perceived corruption in Latin America and the Caribbean (LAC) is above regional benchmarks and increasing.** In 2012 and 2023, the region scored above international benchmarks on perceived corruption (Figure 1.1). Moreover, perceived corruption in LAC increased between 2012 and 2023, according to the World Bank's Worldwide Governance Indicators (WGI) (World Bank, 2024) and Transparency International's Corruption Perception Index (Transparency International, 2024). In 2020, 57% of Latin American households reported that corruption had increased in the previous 12 months (Latinobarómetro, 2020). In the 2023 Latinobarómetro survey, respondents ranked corruption as the fourth most important country problem, on average, out of 49 options.[1] Meanwhile, the quality of governance more broadly has also worsened, as measured by the WGI's rule of law, regulatory quality, and government effectiveness indicators (Figure 1.2). (See Annex I for more information about the context for this evaluation.)

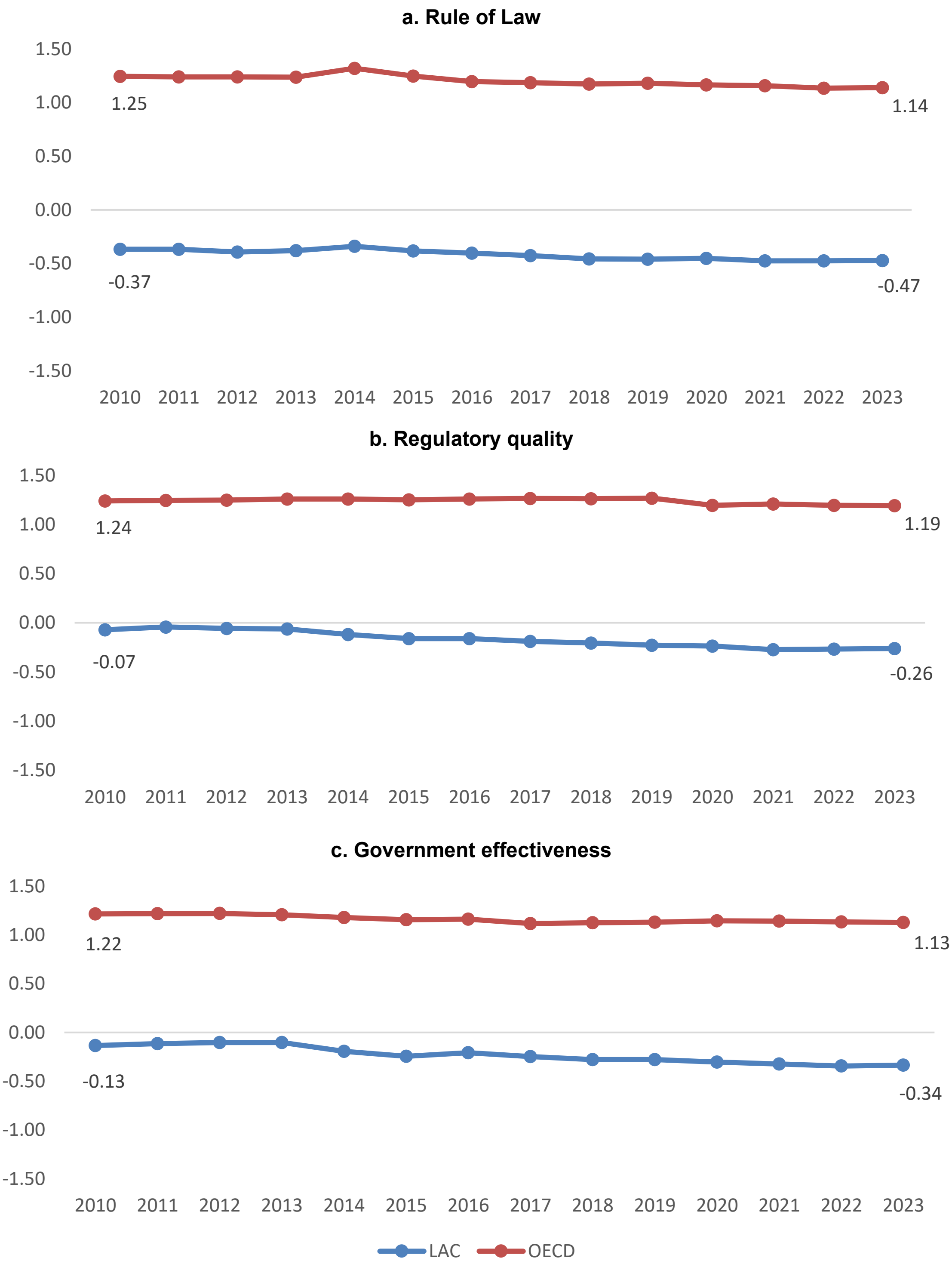
Figure 1.1. Perceived corruption in LAC and OECD in 2012 and 2023



Source: Transparency International.
Note: The Corruption Perception Index ranges from 0 (highly corrupt) to 100 (very clean). LAC shows the average values for 25 countries in Latin America and the Caribbean: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, Barbados, Bahamas, Dominican Republic, Guyana, Haiti, Jamaica, Suriname, and Trinidad and Tobago. OECD shows average values for the 38 OECD member countries. LAC = Latin America and the Caribbean; OECD = Organisation for Economic Co-operation and Development.

[1] The four highest ranked concerns were the economic situation (15.2%), unemployment (13.4%), security (13.2%) and corruption (7.6%).

Figure 1.2. Worldwide Governance Indicators, LAC and OECD (2010–2023)



Source: Worldwide Governance Indicators.
Note: The index ranges from -2.5 to 2.5, with higher values showing better performance. LAC shows the average values for 26 countries in Latin America and the Caribbean: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, Barbados, Bahamas, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname, and Trinidad and Tobago. OECD shows average values for the 38 OECD member countries. LAC = Latin America and the Caribbean; OECD = Organization for Economic Co-operation and Development.

1.3. **The causes of corruption are complex and multifaceted, including both individual motivations and structural factors.** A literature review conducted for this evaluation revealed that no single theory addresses all causes and forms of corruption. Corruption arises, in part, because of individual rational motivations to maximize utility, as individuals balance the potential benefits of corrupt behavior against the potential penalties if caught and punished. Corruption also arises from structural causes (social, cultural, political, economic, and historical factors). For example, people are motivated to act like those around them: those who see others acting corruptly are more likely to act similarly. A fundamental imbalance of power may also enable some people to abuse and exploit others. Finally, discrepancies between informal rules, norms, and beliefs, on the one hand, and formal rules (for example, as stipulated in laws and regulations), on the other, increase the likelihood of deviating from the formal rules.

1.4. **Addressing the structural causes of corruption requires very broad reforms that may be difficult to carry out and assess.** The literature review also revealed that reducing corruption by addressing its structural causes may require far-reaching reforms that are difficult to tackle from an applied policy perspective. The required reforms could include, for example, providing universal free public education and other public goods such as infrastructure and health care (as a means of increasing social trust), reducing the power of official monopolies (by increasing competition through decentralization, privatization, outsourcing, federalism, and so on), and ensuring competitive elections. Building the capabilities of non-state institutions, fostering free and independent media, and cultivating a vigorous civil society are also important. Implementing these reforms and assessing their effectiveness can be challenging due to their complexity and long-term nature.

1.5. **However, relatively discrete reforms to strengthen transparency and integrity (T&I) can also help reduce corruption and build a foundation for sustainable development.** Some remedies to corruption require relatively discrete interventions targeting individual motivations for corruption and the institutional contexts that most directly shape them. At their core, such interventions cultivate two virtues—transparency and integrity—that can help prevent corruption. Integrity comprises behaviors and institutions consistent with a set of moral or ethical principles and standards. It checks individual motivations for corrupt behavior. Transparency refers to government authorities' obligation to account for their actions, including providing access to information and open communication. It enables citizens to hold leaders and institutions accountable for their actions.

1.6. **This evaluation report is organized into five chapters.** Following this introduction, Chapter II describes the evaluation's objectives, scope and methods. Chapter III assesses the relevance of T&I strategic documents and activities carried out under Bank-financed operations. Chapter IV reports on the effectiveness of these activities. Finally, Chapter V presents the evaluation's main conclusions and recommendations for improving future Bank support to T&I in the region.

II. OBJECTIVES, SCOPE, AND METHODS

2.1. **The objective of this evaluation is to assess the contributions of the Inter-American Development Bank (IDB or the Bank) to strengthening public sector T&I across LAC.** The IDB has made it a priority to help countries in LAC strengthen public sector T&I to fight corruption. The 2010 agreement on IDB's Ninth General Capital Increase (IDB-9), for example, emphasized the importance of strengthening T&I. The evaluation aims to provide evidence on the Bank's work in this area to inform future operations and strategies related to public sector T&I in the region.

2.2. **The evaluation assesses the relevance and effectiveness of the IDB's sovereign-guaranteed loan operations and technical cooperation (TC) projects supporting public-sector T&I between 2010 and 2023.** The evaluation addresses the following questions: (i) How relevant has IDB's T&I work been in client countries? and (ii) To what extent did IDB T&I operations achieve their intended objectives? The activities covered by the evaluation were supported by the IDB in client countries through sovereign-guaranteed loan operations—policy-based loans (PBLs) and investment loans—and TC projects approved between 2010 and 2023. Activities focused on strengthening T&I in the private sector and IDB Invest operations are excluded from the evaluation. The evaluation also reviews Bank-wide, sector, and country strategies to assess the extent to which strategic guidance influenced the prioritization and design of operational support in client countries and sectors, ensuring consistency with their needs.

2.3. **The IDB Office of Evaluation and Oversight (OVE) developed a conceptual framework for this evaluation that classifies 12 IDB T&I intervention types under four broad policy objectives.** The policy objectives are based on the drivers of corruption that each policy aims to address: (1) reducing opportunities for corruption: minimizing situations where corruption can occur (related to integrity); (2) increasing public oversight: ensuring sufficient oversight to detect corrupt behavior (related to transparency); (3) reducing impunity for corrupt behavior: holding individuals accountable for their corrupt actions through penalties and legal consequences (related to transparency); and (4) changing societal acceptance or expectations of corrupt practices: shifting social norms to reduce tolerance for or expectations of corruption (related to integrity). Table 2.1 describes the 12 types of interventions that the IDB deploys to achieve these four policy objectives. Because T&I interventions cut across sectors, instruments, and institutional mandates, the Bank does not maintain a single operational taxonomy that would allow systematic portfolio identification, comparison, and aggregation. OVE developed the conceptual framework as an evaluative tool to classify heterogeneous interventions consistently, enabling analysis of relevance and effectiveness across countries and over time. The framework does not imply that this is the only way to conceptualize T&I work. Rather, it reflects the minimum structure required to assess a diffuse area of Bank support.

Table 2.1. T&I conceptual framework: policy objectives and intervention types

Intervention type	Description
1. Reducing opportunities for corruption	
Identification methods	Adopting, implementing, and strengthening mechanisms to identify individuals. Examples include developing systems for birth registration, civil identification, taxpayer records, social program beneficiaries, and cadastral registration.
Reduce regulatory discretion	Supporting standardization, simplification, and deregulation programs aimed at reducing civil servants' discretion in public service. Examples include developing regulatory manuals and standards, conducting public information campaigns on administrative procedures, and implementing electronic administration systems.
Procurement reform	Supporting legal reforms, policies, and tools to strengthen national procurement systems. Examples include the establishment of bidding processes, implementation of e-procurement systems, standardization of procurement procedures and documentation, creation of centralized procurement agencies, and overall strengthening of procurement capacity.
Civil service reform	Supporting policies that prevent nepotism, favoritism, and conflicts of interest in the civil service. Examples include the adoption of ethics codes, gift and hospitality policies, interest and asset declaration requirements, and staff rotation programs.
E-government	Supporting the development and use of online platforms, digital services, and electronic communication channels to improve government efficiency and accessibility. Examples include digitizing public information, creating digital public services platforms, offering mobile government services, and implementing digital licensing and registration systems.
Political checks on corruption	Supporting mechanisms, processes, and institutions aimed at preventing political imbalances and promoting checks and balances among the executive, legislative, and judicial branches, as well as between national and subnational governments and electoral tribunals. Examples include strengthening the technical offices of congress, implementing governance reforms (e.g., terms, tenure, and appointment procedures), and reforming political party financing.
2. Increasing public oversight	
Public oversight	Supporting legal reforms, policies, and tools that guarantee the right to access information and facilitate citizen oversight. Examples include the introduction of public hearings, social oversight of public management, documentation systems, information tools, and the implementation of access to information laws.
Financial transparency	Strengthening legal frameworks and policies to enhance international tax law compliance, deter capital evasion, control tax havens, and prevent money laundering. Examples include implementing global reporting standards, enforcing anti-money laundering regulations, identifying ultimate beneficial owners, and promoting information sharing between tax authorities and financial institutions.
Public expenditure tracking	Supporting the establishment of mechanisms, policies, and tools to track and monitor public expenditure. Examples include implementing public expenditure tracking systems for investments, spending, and personnel, creating transparent budget allocation processes, and establishing digital platforms for monitoring government spending.
3. Reducing impunity	
Judicial and prosecutorial checks on corruption	Strengthening the capacity of the judicial system (including police, public prosecutors, and state attorneys' offices) to investigate, detect, and sanction corruption. Examples include providing legal protection for whistleblowers, supporting the establishment of anti-corruption commissions, increasing sanctions and laws to fight corruption, and enhancing investigative capacity.
Improving internal and external audit functions	Strengthening the legal framework and the capacity of public entities responsible for internal and external control, including comptrollers' offices and supreme audit institutions. Examples include supporting the establishment of robust auditing procedures, increasing the frequency of audits, and strengthening the independence, capacity, and authority of audit institutions.
4. Changing societal norms	
Increase moral costs	Supporting programs that raise awareness of corruption and strengthen social norms at both the individual and societal levels, with the aim of influencing social expectations and responses toward corrupt behavior. Although some interventions may involve citizen engagement or strive to increase accountability, the defining objective is normative change. Examples include the development of anti-corruption curricula in schools, public awareness campaigns, ethics training for public officials, and civic education programs that promote integrity.

Source: OVE.

2.4. **For the purposes of the evaluation, OVE classified each intervention type under a single policy objective, focusing on the most prominent constraint that each intervention primarily targets.** Corruption is inherently multifactorial, and some interventions could address multiple policy objectives. For example, procurement reforms could be interpreted as aiming at both increasing public oversight and reducing opportunities for corruption. On the one hand, weak oversight in procurement processes can be viewed as a lack of monitoring, which allows corrupt practices to persist due to insufficient scrutiny. On the other hand, procurement systems inherently present significant opportunities for corruption, such as favoritism in bidding and the manipulation of contract awards. Despite these dual interpretations, we have classified procurement reforms under reducing opportunities for corruption, because the primary issue lies in the opportunities they present for corrupt practices, which can be addressed through changes in procurement processes. Similarly, interventions focused on strengthening internal and external audit institutions and functions could be seen as contributing to public oversight or to reducing impunity. In this evaluation, OVE classified these interventions under reducing impunity, reflecting their primary role within accountability systems in linking the identification of irregularities to formal follow-up by competent authorities, thereby increasing the likelihood that misconduct is acted upon.

2.5. **The evaluation used a mixed-methods approach including a literature review, a portfolio analysis, and country case studies.** OVE conducted a broad literature review to better understand and delineate the subject of the evaluation. The conceptual framework used to classify T&I interventions (Table 2.1) was developed based on the literature review. Subsequently, the team identified the relevant IDB portfolio. There is no sector tag or flag in IDB systems for operations that support T&I. OVE therefore used a combination of machine learning techniques and manual review of operational documents to identify the portfolio of loans and TC projects that had supported T&I in the region during the evaluation period, assess the alignment of each loan's specific objectives with the four policy objectives in Table 2.1, and classify project activities by intervention type. Using these methods, OVE identified 343 operations approved during the period with at least one T&I-related activity. (See Annex II for more details on the selection methodology.) The evaluative analysis was based on three key pillars: review and analysis of project-level operations data (lending and TC) and documents; review and analysis of other IDB documentation (institutional and country strategies, country diagnostics, action plans); and analysis of qualitative data based on interviews with IDB Group staff, external experts, executing agency staff, and other clients. To deepen the analysis, OVE conducted eight country case studies that included interviews with stakeholders in the selected countries. The case study countries were selected to ensure geographic representation, include countries with relevant interventions supported by the Bank, and take advantage of ongoing OVE country evaluation work. Desk review evidence was triangulated with interview-based evidence to strengthen the validity of findings.

2.6. **OVE assessed the relevance of the Bank's T&I support by examining strategic guidance, alignment with country needs and institutional priorities, as well as the presence of entry points—that opened space for T&I engagement.** OVE assessed the relevance of Bank-wide, sector, and country strategic guidance in guiding and prioritizing T&I activities in client countries and sectors according to their needs. In addition, OVE analyzed the relevance of T&I

loans or components in loans, assessing whether they were informed by external evidence, sector-specific challenges, and country needs, as reflected in loan documents, and whether they were consistent with IDB institutional priorities and areas where the Bank had prior experience. OVE also elaborated a set of six entry points to identify observable moments in which dialogue on T&I became feasible, recognizing that such engagement is often contingent on political, institutional, or external triggers rather than on formal sector strategies.

2.7. **OVE evaluated effectiveness based on the achievement of T&I-specific objectives in operations.** To assess the effectiveness of the Bank's T&I work, OVE focused on loan operations in the evaluation portfolio that had an OVE-validated Project Completion Report (PCR) and at least one T&I-related objective. OVE analyzed the content of PCRs to assess effectiveness. Due to the lack of a clear theory of change or an overarching results framework for the Bank's T&I support, OVE's effectiveness analysis was limited to assessing individual operations' (or programmatic series') achievement of their T&I-specific objectives.

2.8. **The evaluation has several limitations**. The relevance assessment focuses on IDB work, without comprehensively covering IDB's contribution to addressing T&I in relation to other development partners. The effectiveness analysis was limited by the low number of T&I operations with validated self-evaluations (72 of 127 closed operations), by measurement issues that preclude fully assessing the effectiveness of several of them, and by the complexity of the topic. Around one-third of the evaluation projects with a validated self-evaluation (25 of 72 projects) financed a T&I-related activity or reform but did not have a T&I-related objective to which they were contributing or a results indicator to track their effectiveness. For these operations, OVE could not report findings from its desk review. Finally, for some interventions, it was difficult to assess the effectiveness of IDB's work at the operation and country levels due to their complexity, the long-term and nonlinear nature of T&I change processes, and data limitations. Therefore, the evaluation was limited to assessing direct outcomes of selected operations for which evidence was available. Interview-based data from the eight case study countries were used to strengthen the assessment. The evaluation team further refined and delimited the scope of the evaluation proposed in the approach paper based on limitations encountered during implementation of the analysis, while ensuring that the main objective and intended scope were well covered.

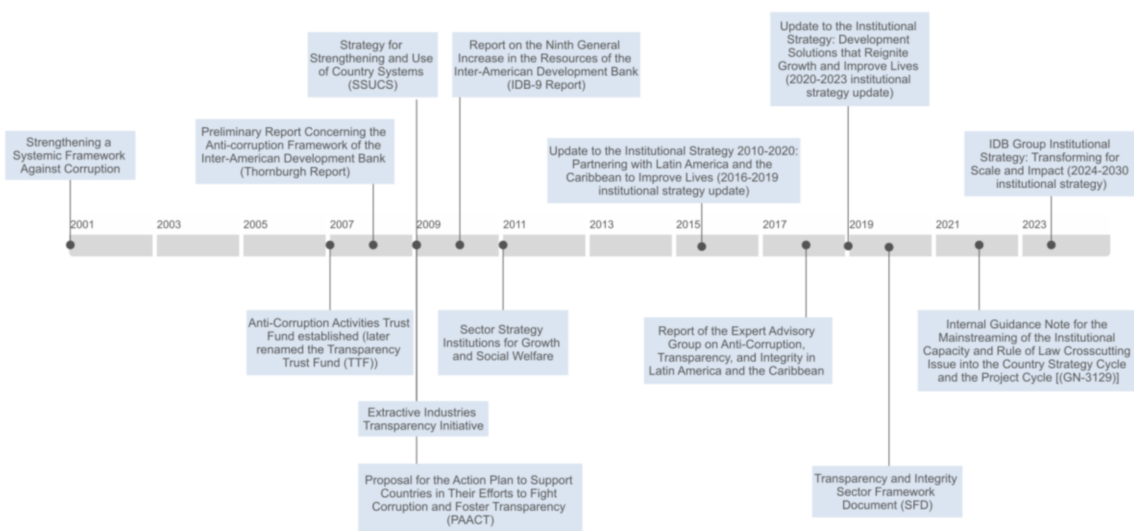
III. RELEVANCE

3.1. **OVE assessed the relevance of IDB support to T&I at the strategic and operational levels, as well as in terms of entry points for potential support.** First, OVE assessed the relevance of Bank-wide, sector, and country strategic guidance in prioritizing T&I activities in client countries and sectors according to their needs. This involved reviewing the extent to which strategic documents—such as country strategies, sector framework documents (SFDs), and corporate strategies—identified T&I as a priority, responded to diagnostic evidence, and provided direction for operational engagement. As part of this analysis, OVE also developed a timeline to trace the evolution of T&I priorities in strategic guidance and to identify any emerging patterns. Second, OVE analyzed the relevance of T&I components in loan operations, assessing whether they were informed by external evidence, shaped by a country diagnostic, aligned with IDB institutional priorities, and occurring in areas where the Bank had prior experience. Finally, OVE investigated the extent to which the Bank had taken advantage of potential entry points for providing support on T&I.

A. Strategic relevance

3.2. **IDB strategies related to T&I have evolved from a narrow, fragmented approach to a more purposeful framework focused on mainstreaming T&I across sectors, but operationalization has remained limited.** Aware of the importance of reducing corruption in LAC, the IDB has incorporated mandates related to T&I interventions into several IDB strategic documents since 2001. These have included a corporate framework, a thematic strategy, an action plan, institutional strategies, a sector strategy, and an expert advisory group report, as shown in Figure 3.1 and listed in Box 3.1. The IDB's overall approach to T&I was fragmented and narrow between 2001 and 2008 but became more strategic as the IDB followed up on the Thornburgh report in 2008. Starting in 2009, the IDB began to emphasize the importance of mainstreaming T&I interventions across sectors, a trend confirmed in 2015 and subsequent years. While the approach has become more strategic and comprehensive over time, operationalization has remained limited. Throughout the evaluation period, the institution did not recognize the importance of diagnostic work on T&I or the need to develop a results framework for this work. The paragraphs following the box discuss the strategic relevance of these documents in more detail.

Figure 3.1. Timeline—selected IDB strategic documents with T&I mandates



Source: OVE.

Box 3.1. Selected IDB strategic documents with T&I mandates

Strengthening a Systemic Framework Against Corruption (document GN-2117-2), approved in 2001, was the first document to outline the Bank's interest and priorities in the T&I area.

Between 2007 and 2009, the IDB established the Anti-Corruption Activities Trust Fund (later renamed the Transparency Trust Fund (TTF)), approved the *Strategy for the Strengthening and Use of Country Systems* (SSUCS, document GN-2538), and endorsed the Extractive Industries Transparency Initiative (EITI).

In 2008, the IDB also published the *Report Concerning the Anti-Corruption Framework of the Inter-American Development Bank* (the *Thornburgh Report*), which issued a series of recommendations to safeguard Bank activities from fraud and corruption, strengthen staff integrity standards, and support countries' systemic efforts to enhance public sector transparency and integrity.

In 2009, the IDB Board of Executive Directors endorsed the administration's *Action Plan to Support Countries in their Efforts to Fight Corruption and Foster Transparency* (PAACT, document GN-2540).

In 2010, the Bank's Board of Governors approved a report on IDB's Ninth General Capital Increase (IDB-9) (document AB-2764), a ten-year institutional strategy that identified anti-corruption as a business development area.

In 2011, the Bank approved the *Sector Strategy for Institutions for Growth and Social Welfare* (document GN-2587-2) which committed to expanding transparency and anti-corruption support where it held a comparative advantage.-strengthening control institutions, strategic planning, and open-government practices.

The 2015 update to the institutional strategy for 2016–2019, *Update to the Institutional Strategy 2010–2020: Partnering with Latin America and the Caribbean to Improve Lives* (document AB-3008) promoted mainstreaming T&I support.

The *Report of the IDB Expert Advisory Group on Anti-Corruption, Transparency, and Integrity in Latin America and the Caribbean* (Engel et al., 2018), an independent assessment commission by the IDB, included concrete recommendations for promoting T&I through the Bank's operational work.

The 2019 update to the institutional strategy for 2020–2023, *Update to the Institutional Strategy: Development Solutions that Reignite Growth and Improve Lives* (document AB-3190-2), continued the focus on mainstreaming anti-corruption efforts across sectors.

The 2020 *Transparency and Integrity Sector Framework Document* (document GN-2981-2) focused on corruption in the infrastructure and social sectors.

2022 Internal Guidance Note for the Mainstreaming of the Institutional Capacity and Rule of Law Crosscutting Issue into the Country Strategy Cycle and the Project Cycle [(GN-3129)]

The most recent institutional strategy, the 2024–2030 *IDB Group Institutional Strategy: Transforming for Scale and Impact* (document GN-3159-12), includes T&I as an operational priority.

Source: Own elaboration.

3.3. **The 2001 *Systemic Framework Against Corruption* provided an important institutional starting point but offered a broad and internally focused definition of T&I, leaving the Bank's scope of work in this area unclear.** The *Systemic Framework Against Corruption* established critical mechanisms such as the Office of Institutional Integrity (2003) and the Sanctions System (2011). However, its emphasis was on managing corruption risks within Bank operations rather than supporting T&I reforms in borrowing countries. This ambiguity allowed operational flexibility but hindered strategic clarity. The lack of clarity contributed to a fragmented and demand-driven approach rather than a coherent institutional agenda.

3.4. **The 2008 Thornburgh Report found that the IDB provided limited T&I support in the years following the 2001 *Systemic Framework Against Corruption* due to the lack of a clear strategic framework.** The 2008 Thornburgh Report found that the Bank had not materially supported countries' anti-corruption capacities. It attributed the IDB's limited support to weak strategic planning and coordination. A notable exception was the 2007 Transparency Trust Fund (TTF), which mobilized over $25 million in donor and IDB contributions to support T&I initiatives through non-reimbursable grants.

3.5. **In response to the Thornburgh Report, the Bank expanded its technical support for addressing corruption in country systems.** The 2009 *Strategy for the Strengthening and Use of Country Systems* (SSUCS) promoted alignment with international standards and donor coordination while emphasizing demand-driven, context-specific, and capacity-focused interventions. Its diagnostic approach facilitated better partner coordination in assessing and strengthening fiduciary systems. That same year, the Bank became a supporter of the Extractive Industries Transparency Initiative (EITI), reinforcing its commitment to transparency in resource governance and pledging to provide technical and financial support for transparency tools and EITI-style reforms in LAC (for example, via regional TCs on extractive-sector transparency).

3.6. **The 2009 *Proposal for an Action Plan to Support Countries in their Efforts to Fight Corruption and Foster Transparency* (PAACT,** *for its Spanish acronym***) marked a strategic shift, but operationalization was limited.** By outlining actions to strengthen T&I across the region, the PAACT signaled a transition from reputational self-protection to systemic regional engagement. With this proposal, the IDB evolved from a narrow, inward-facing focus on safeguarding its own reputation (by preventing corrupt practices in individual operations) to a broader, outward-facing commitment to promoting T&I as regional public goods. This shift entailed moving beyond transactional safeguards to supporting enabling environments: investing in anti-corruption frameworks, open government initiatives, fiscal transparency tools, and institutional strengthening efforts that benefit not only the IDB's portfolio but also the wider governance landscape across the region. The IDB's role thus expanded from compliance gatekeeper to strategic partner in supporting operations to foster resilient institutions and trust in public systems. These included support for diagnostics, indicators, anticorruption conventions, regional dialogue, institutional capacity, subnational systems, and stakeholder engagement. However, implementation was limited; despite its broader scope compared to earlier strategies, the PAACT received little operational follow-through.

3.7. **The 2010 IDB-9 Report elevated T&I to a strategic pillar of the Bank's anti-corruption agenda, alongside preventing fraud in Bank operations and fostering staff integrity.** By endorsing T&I as a regional priority, IDB-9 reinforced the broader orientation introduced by the PAACT, signaling a continued shift from a narrow institutional focus to a more comprehensive regional commitment. However, the strategic intent did not immediately translate into sustained operational engagement.

3.8. **The 2011 *Sector Strategy for Institutions for Growth and Social Welfare* marked progress in operationalizing the Bank's T&I agenda.** It provided a results-oriented framework and identified five priorities: strategic planning, national control systems, transparency and open government, sector-level prevention, and internal capacity building. This represented a shift toward more structured and regionally focused T&I engagement.

3.9. **An institutional strategy update in 2015 elevated T&I from a policy objective to a cross-cutting priority.** In 2015, the Board endorsed *Update to the*

Institutional Strategy 2010–2020: Partnering with Latin America and the Caribbean to Improve Lives. This update to the institutional strategy for 2016–2019 positioned T&I both as a standalone goal and as part of broader institutional capacity efforts to improve governance and reduce corruption. The shift reflected growing recognition of T&I's systemic relevance, although its implementation across sectors remained uneven in practice.

3.10. **In 2018, an IDB-convened Expert Advisory Group identified public procurement reform as a strategic priority for addressing corruption in LAC.** In 2018, amidst a wave of corruption scandals across LAC, the IDB convened an Expert Advisory Group to analyze the region's corruption challenges and propose a forward-looking reform agenda. The group identified public procurement reform as a strategic priority and recommended adopting stronger contracting practices both in high-risk sectors—such as large infrastructure projects—and in traditionally overlooked areas like education and health. It also emphasized the importance of greater collaboration with civil society, the expanded use of transparency tools such as MapaInversiones (Box 3.2) and the Infrascope Index, and increased support for evidence-based reform design. Additionally, the group called for enhanced corporate integrity initiatives and improved governance of state-owned enterprises.

Box 3.2. MapaInversiones

MapaInversiones is a web-based tool to promote transparency in public spending, investments and contracting. The digital platform integrates and visualizes real-time data on public investments and expenditures on an interactive map that geo-references publicly financed projects and provides details on their funding sources, physical and financial progress, and companies hired for their implementation and supervision. The first version of MapaInversiones, known as MapaRegalías, was developed and launched by the Government of Colombia in 2014, with support from two IDB operations (CO-L1126/2013, CO-T1351/2013). The online platform aimed to facilitate citizen and government monitoring of government extractive sector royalty usage, featuring search functions to locate projects by region, state, or sector.

MapaInversiones has improved the performance and transparency of public investment projects. A 2019 IDB evaluation found that, after the platform's release in Colombia, the physical progress of royalty-financed public investment projects increased by almost 8 percentage points on average, suggesting a link between public oversight and project efficiency. A 2020 IDB quasi-experimental evaluation in Costa Rica similarly found that publishing information through MapaInversiones improved projects' physical and financial performance by 8 and 18 percentage points, respectively, compared with unpublished projects. Supported by a series of Transparency Trust Fund technical cooperation projects, MapaInversiones has grown into a regional IDB initiative, with platforms launched in Argentina, Colombia, Costa Rica, the Dominican Republic, Honduras, Jamaica, Panama, Paraguay, and Peru and under implementation in Bahamas, Barbados, Ecuador, Suriname, and Trinidad and Tobago. The initiative has also spurred strategic partnerships with the Gordon and Betty Moore Foundation and Microsoft. The platform continues to evolve, now allowing monitoring of all public investment projects and offering interactive channels for citizens to track projects and submit complaints or feedback.

Source: OVE.

3.11. **The 2020–2023 institutional strategy update reinforced the 2015 institutional strategy update's focus on mainstreaming.** It identified T&I as the central focus of cross-cutting institutional capacity work, linking it directly to the rule of law and development effectiveness. This reinforced the shifts, begun with the 2015 institutional strategy update, toward growing recognition of T&I's systemic relevance. However, mainstreaming across sectors remained uneven in practice.

3.12. **The 2020 *Transparency and Integrity* SFD was broad and lacked a complementary action plan.** The T&I SFD identifies three lines of Bank support to countries implementing T&I reforms: (i) increasing access to information and facilitating public demand and citizen control, (ii) promoting reforms to enhance integrity in the public sector, and (iii) encouraging reforms to improve integrity in the private sector. The SFD lines of action are broad and do not explicitly reference sector-specific focuses or activities outside of those managed by the Institutions for Development sector, including in the infrastructure and social sectors where the Bank had experience working and had indications of integrity risks.[2] By its nature, the 2020 SFD was not supposed to address specific entry points for country and sector work, budgetary, bureaucratic, operational, or programmatic implications; define a Bank-wide results framework for the IDB's work in the area; or provide guidelines and a theory of change to prioritize interventions in country programs and sectors. However, these are critical elements to guide operational interventions and could be addressed in a complementary action plan. The SFD's narrow focus on preventing corruption in IDB operations in the infrastructure and social sectors suggests a continued contraction in the scope of engagement following the PAACT. While this shift may reflect prudent risk management in response to evolving operational challenges, it also suggests that the IDB's contribution to governance more broadly —including support for reform coalitions, civic oversight mechanisms, and long-term transparency reforms—may have been expected to be limited.

3.13. **In 2022, an internal guidance note aimed to steer the mainstreaming of T&I issues into country diagnostics, country strategies, and operations.** In 2022, the IDB approved an Internal Guidance Note for the Mainstreaming of the Institutional Capacity and Rule of Law Crosscutting Issue into the Country Strategy Cycle and the Project Cycle [(GN-3129)]. Through this note, the IDB started piloting the preparation of Institutional Capacity and Rule of Law Country Matrices to guide the mainstreaming of institutional capacity and rule of law issues into Country Development Challenge assessments (now Country Diagnostics for impact assessments), country strategies, programming, and project preparation. In the area of T&I, the country matrices aim to address issues related to principles of integrity and ethics (public sector integrity, ethics, and conflicts of interest), governance frameworks (open government, access to information, and anti-corruption policies), transparency and accountability mechanisms (fiscal, financial, and sector transparency, and resource accountability), and oversight and enforcement systems (anti-money laundering, counter-terrorism financing, and control and audit entities). Pilots have been completed recently for Paraguay, Haiti, and Mexico, and the diagnostics will be part of the activities to be implemented under the State Effectiveness: Institutional Capacity and Rule of Law Action Plan (GN-3309, currently under preparation). The Action Plan aims to help operationalize T&I issues into future country strategies. Of the 77 country strategies approved during the evaluation period, almost all discuss transparency or corruption: 75% within a priority area, 16% as a cross-cutting issue, and 7% as an area of dialogue. In addition, 52% of country strategies included T&I-related indicators in their results matrices.

[2] The Office of Institutional Integrity's 2022 Annual Report indicates that, over the 2019 to 2022 period, the office received the greatest number of requests for integrity consultations regarding sovereign guaranteed operations from staff overseeing infrastructure and social sector operations. Infrastructure projects present elevated integrity risks because they (i) are typically high-value and long-term, (ii) involve significant technical complexities, (iii) require coordination among a large number of entities, and (iv) usually depend on government-awarded licenses and permits (OII 2023 Annual Report).

3.14. **The 2024 *IDB Group Institutional Strategy: Transforming for Scale and Impact*, embeds a broad vision for T&I under the priority area of institutional capacity, rule of law, and citizen security.** This 2024 strategy, known as *Impact*+, which was issued following the end of the evaluation period, expands the Bank's stated scope to include ethics, open government, fiscal and financial transparency, anti-corruption, and measures against illicit finance, along with sector-specific governance in areas like infrastructure and extractives. While comprehensive in coverage, the strategy falls short in clarifying how the expanded scope will be operationalized. The State Effectiveness: Institutional Capacity and Rule of Law Action Plan (GN-3309, currently under preparation) is expected to help operationalize the vision for T&I under the new institutional strategy.

3.15. **Although SFDs frequently mentioned T&I, the focus of IDB support in SFDs and sectoral strategies has not been guided by comprehensive sector diagnostics of T&I.** All 23 SFDs approved during the evaluation period referenced transparency or corruption. Most included T&I as a consideration in their lines of action, while several had dedicated T&I lines of action.[3] These lines of action focus on improving governance, increasing accountability, and strengthening institutional frameworks to combat corruption and promote integrity across sectors. Box 3.3 details all lines of action in the SFDs. Guidelines for preparing sectoral strategies and SFDs do not require T&I assessments.

3 The term "line of action" is used throughout the Sector Framework Documents to refer to specific strategic initiatives or priorities aimed at addressing key challenges within each sector. The exact nature of each line of action varies depending on the sector and the context. In the *Transparency and Integrity Sector Framework Document*, these actions typically focus on improving transparency, accountability and institutional strengthening to achieve broader objectives.

Box 3.3. Inclusion of T&I objectives in sector strategies and sector framework documents

Framework Documents include direct and transversal lines of action involving transparency and integrity:

- *The Strategy on Sustainable Infrastructure for Competitiveness and Inclusive Growth* (document GN-2710-5, approved in 2013) includes actions for institutional strengthening to increase control, strengthen national systems, promote access to information, and strengthen open government to promote integrity and prevent corruption in the delivery of infrastructure services.
- *The Strategy on Social Policy for Equity and Productivity* (document GN-2588-4, approved in 2011) considers strengthening transparency and accountability as an important mechanism to improve social services delivery.
- *The Integration and Trade SFDs* (document GN-2715-6, approved in 2016, and document GN-2715-11, approved in 2019) incorporate lines of action involving transparency in regulatory areas.
- *The Water and Sanitation SFD* (document GN-2781-8, approved in 2017) includes lines of action for improving the transparency and corporate governance framework in the sector, including mechanisms for citizen participation.
- The most recent *Transport* SFD (document GN-2740-9, approved in 2020) has a line of action for strengthening institutions; it emphasizes the need to promote practices that increase the transparency of public spending; to foster the adoption of clear rules to avoid abuse of authority, to guarantee access to information for collective action, and to ensure the effectiveness of control entities.
- *The Citizen Security and Justice SFD* (document GN-2771-7, approved in 2017) establishes in its action lines improving transparency and accountability mechanisms within police systems.
- *The Energy SFD* (document GN-2830-8, approved in 2019) underscores transparency as a key line of action within its Capable Institution dimension by expanding data sources and consistently updating and publishing substantial volumes of information.
- *The Extractive Industries SFD* (document GN-3028-2, approved in 2021) in its 5th line of action highlights the importance of promoting transparency and integrity in the extractive industries by strengthening monitoring systems, accountability, and access to information, as well as supporting transparency laws tailored to the sector's needs and encouraging participation in international transparency initiatives.
- *The Subnational Governments and Decentralization SFDs* (document GN-2813-3, approved in 2015 and document GN-2813-8 approved in 2018) include dimension focused on boosting transparency and accountability in subnational governments, involving action lines like strengthening budget management, enhancing monitoring capabilities and increasing citizen participation.
- *The Urban Development and Housing SFD* (document GN-2732-6, approved in 2016) and the Citizen Security and Justice SFD (document GN-2771-7, approved in 2017) underscore the importance of strengthening internal management systems and accountability mechanisms.
- *The Support to SMEs and Financial Access/Supervision SFD* (document GN-2768-7, approved in 2017) emphasizes the importance of strengthening regulatory frameworks, access to information, financial institutions' corporate governance, and improving the capacity to evaluate the integrity standards of their clients.
- *The Fiscal Policy and Management SFD* (document GN-2831-8, approved in 2018) emphasizes the need to create conditions for fiscal and financial transparency, control of expenditure, and integrity in public resources.

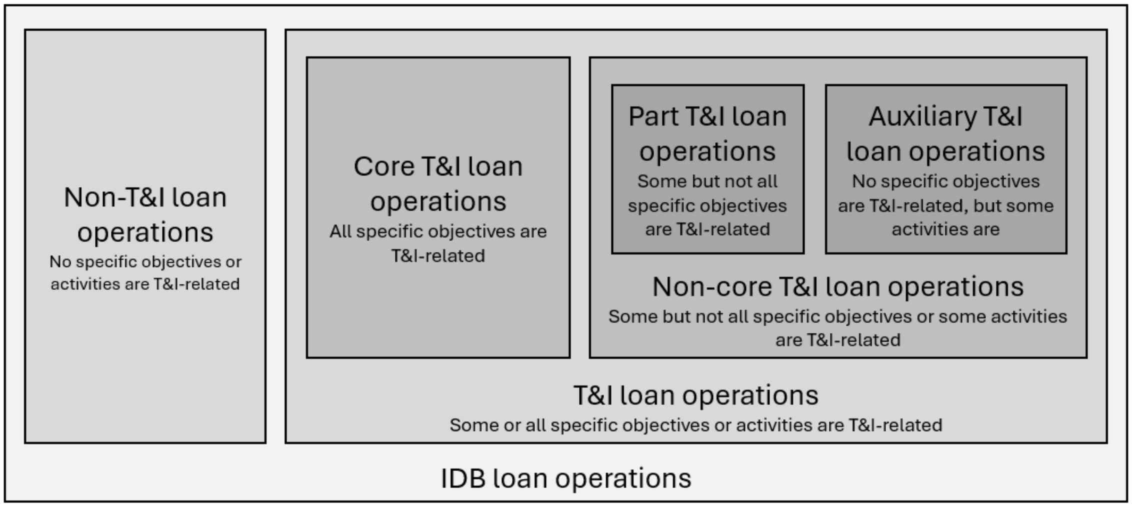
Source: OVE.

B. Operational relevance

3.16. **Most T&I operations approved during the evaluation period did not have specific objectives related to T&I.** OVE identified 160 T&I loan operations (operations with at least one T&I-related intervention—see Figure 3.2), approved between 2010 and 2023 for $20.7 billion, of which 90 were investment loans and 70 were policy-based loans. IDB disbursed more T&I support and conducted more T&I activities in the region during the evaluation period than any other MDB, although this engagement has not been commensurate with the ambitions of its strategies.[4] Moreover, among the 160 approved operations, the number of core T&I operations (those entirely focused on T&I activities) was relatively low (31 out of 160), as was the funding approved for these operations ($2.1 billion of $20.7 billion) (Table 3.1). The specific objectives of core T&I operations aligned with one or more of the four policy objectives to strengthen T&I (reducing opportunities for corruption, increasing public oversight, reducing impunity, and changing social norms). The components of core T&I operations supported interventions to achieve those objectives (for example, procurement reform or civil service reform, financial transparency, public expenditure tracking, judicial and prosecutorial checks on corruption, and interventions to increase moral costs of corruption). Non-core T&I operations (those that had some but not all T&I-related specific objectives or some T&I activities) were the majority (129 out of 160 operations and $18.5 billion of $20.7 billion). These non-core operations included two groups of operations. First, 76-part T&I operations for $9.2 billion (these are operations that had one or more—but not all—specific objectives aligned with the four T&I policy objectives and corresponding interventions). Second, 53 auxiliary T&I operations for $9.4 billion (these are operations that had no specific objectives aligned with the four T&I policy objectives but supported one or more interventions that may contribute to T&I strengthening). All core T&I loan operations and most non-core T&I loan operations were led by the Innovation in Citizen Services Division and the Fiscal Management Division, with relatively few operations led by other divisions (Annex II). In addition, OVE also identified 183 T&I TC projects approved between 2010 and 2023 for $92.7 million. OVE did not classify these TCs under the core–noncore framework, as TCs—whether T&I-related or not—usually include general objectives that precludes their classification under this scheme.

[4] According to the OECD Creditor Reporting System (CRS), the IDB disbursed $15.3 billion between 2010 and 2023 (11.2 percent of its total disbursements) through 2,025 activities in areas that broadly relate to transparency and integrity (public procurement, public finance management, and anti-corruption organizations and institutions), while the World Bank (IBRD) disbursed $5.8 billion in IDB member countries (6.4 percent of its total IDB member country disbursements) through 1,330 activities for these purposes over the evaluation period. The CRS taxonomy differs from the one used in this evaluation, but the CRS provides data that are roughly comparable across institutions.

Figure 3.2. Classification of T&I loan operations based on the interventions' focus on T&I



Source: OVE.

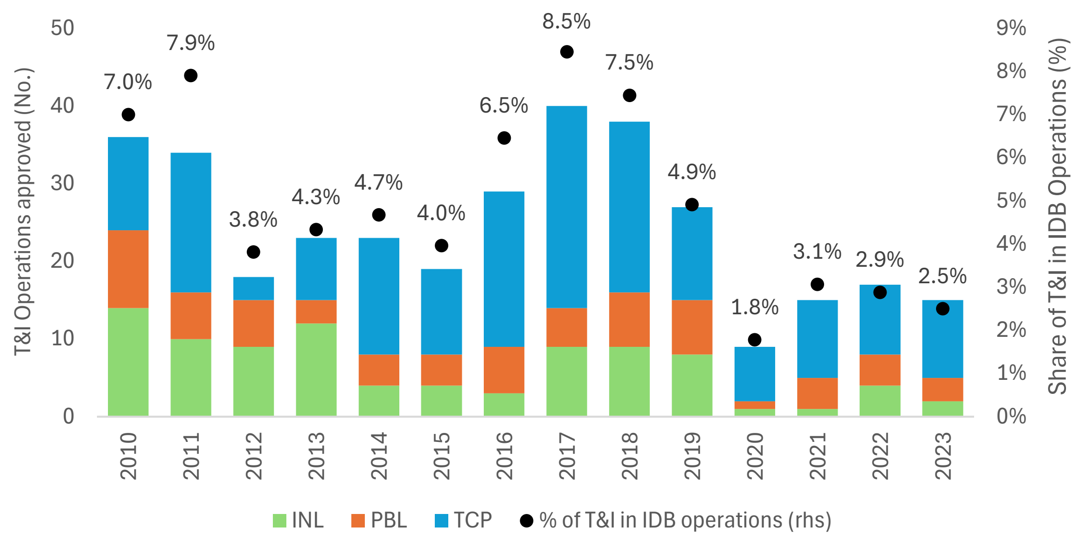
Table 3.1. Number of T&I operations approved and total financing amount, by instrument and operation type, 2010–2023

Instrument	INLs		PBLs		Total	
Operation type	No. %	$, million	No. %	$, million	No. %	$, million
T&I loan operations	90 56.3	4,122.2	70 43.8	16,544.8	160 100.0	20,667.0
Core T&I	16 10.0	386.3	15 9.4	1,741.0	31 19.4	2,127.3
Non-core T&I	74 46.3	3,735.9	55 34.4	14,803.8	129 80.6	18,539.7
Part T&I	50 31.3	1,972.8	26 16.3	7,193.8	76 47.5	9,166.6
Auxiliary T&I	24 15.0	1,763.1	29 18.1	7,610.0	53 33.1	9,373.1
T&I Technical Cooperations					183 100.0	92.7

Source: IDB Data Warehouse, OVE calculations.
Note: For non-core T&I operations (i.e., operations that include only some components or outputs related to T&I), the amounts reflect the total approved financing of the operation. Because it is not possible to distinguish the portion specifically allocated to T&I purposes, the figures systematically overestimate the actual financing dedicated to T&I. INL = investment loan; PBL = policy-based loan; T&I = transparency and integrity; TC = technical cooperation.

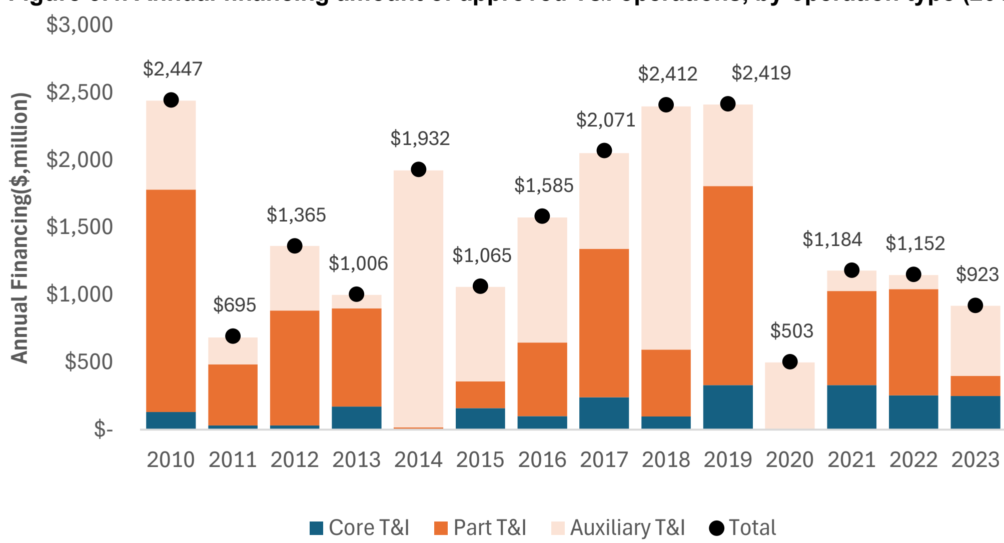
3.17. **IDB support for non-core T&I operations decreased substantially after 2019, while support for core T&I operations increased somewhat.** The number of T&I loan operations and TCs declined from an average of 28.7 per year over 2010–2019 to an average of 14 per year over 2020–2023 (Figure 3.3). Similarly, the proportion of T&I loan operations and TCs in the total IDB portfolio declined from an average of 5.9% over 2010–2019 to an average of 2.1% over 2020–2023. The lending volume for T&I also declined, from an average of $1,691 million per year over 2010–2019 to an average of $937.0 million per year over 2020–2023 (Figure 3.4). However, the lending volume of core T&I operations increased from an average of $129.2 million per year over 2010–2019 to an average of $208.8 million over 2020–2023.

Figure 3.3. Annual number of T&I operations approved, by instrument (2010–2023)



Source: IDB Data Warehouse, OVE calculations.
Note: INL = investment loan; PBL = policy-based loan; rhs = right-hand side; T&I = transparency and integrity; TCP = technical cooperation project.

Figure 3.4. Annual financing amount of approved T&I operations, by operation type (2010–2023)



Source: IDB Data Warehouse, OVE calculations.
Note: For non-core operations (part and auxiliary), the amounts reflect the total approved financing of the operation. Because it is not possible to distinguish the portion specifically allocated to T&I purposes, the figures systematically overestimate the actual financing dedicated to T&I.

3.18. **The decline in TTF funding helps explain the overall decline in the T&I portfolio after 2019.** The TTF (Box 3.4) was a multi-donor source of financing for non-reimbursable TC projects in the area. It played a critical role in supporting T&I operations at the Bank. From 2010 to 2023, the TTF financed approximately one-third of T&I TC projects in the portfolio—primarily on topics led by the Innovation in Citizen Services Division. It was particularly instrumental in supporting financial transparency interventions, including reforms aligned with FATF standards on Anti-Money Laundering (AML) /Countering the Financing of Terrorism(CFT) (see

Box 3.6), strengthening audit institutions (through the development of tools such as the SAI-PMF and IDIGI-EFS), and improving public expenditure tracking (with initiatives like the digital platform *MapaInversiones* for public investment management. However, funding from the TTF decreased from an average of $2.1 million per year over 2010–2019 to an average of $1.2 million per year over 2020–2023, and the TTF was formally closed in 2024.

Box 3.4. Assessments of the Transparency Trust Fund

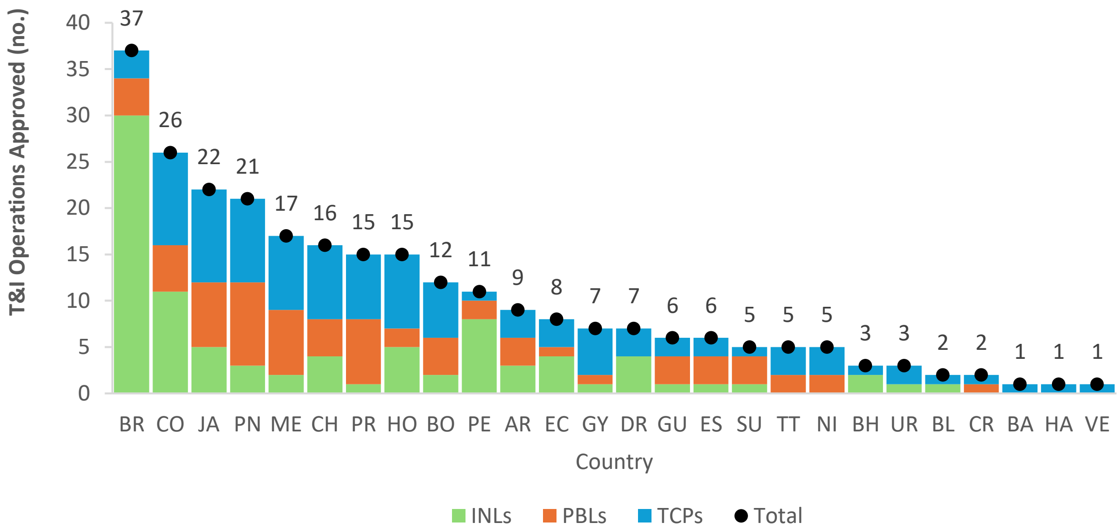
A 2017 mid-term assessment of the Transparency Trust Fund (TTF) found that it largely met or exceeded its outcome targets. Based on 31 operations approved after the Fund adopted a results framework in 2012, the review found that the TTF surpassed its external outcome goals in each of its four pillars. Of six countries that received TTF support to strengthen control systems, five had improved or were improving compliance with international auditing standards. Of 14 countries that received support to strengthen financial integrity, 10 improved compliance with anti-money laundering standards. Eighty-six percent of beneficiary countries increased their involvement in the Extractive Industries Transparency Initiative (EITI) or related initiatives, exceeding a 70% target, and 67% became EITI-compliant. For the open government pillar, 93% of beneficiary countries made progress in developing or implementing relevant action plans, strategies, and initiatives (against an 80% target), and 64% achieved at least one institutional outcome in the supported area. A draft of the final fund assessment indicates similar results for projects approved after 2018. According to its 2022 Annual Report, the TTF financed technical assistance on transparency and integrity in every borrowing member country.

Beyond these aggregate results, the Fund also produced some concrete outputs that illustrate its contributions in the T&I agenda. These included:

- The development, piloting, and first round of assessments of the Supreme Audit Institution (SAI)Performance Measurement Framework (PMF) in the LAC region**,** a standardized tool that assesses the performance and institutional capacity of SAIs across dimensions such as independence, audit quality, and governance.
- The development of the Information Availability Index for SAIs (IDIGI-EFS), launched in 2017, which assesses the availability of audit-related institutional information among Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS, *for its Spanish acronym*) members.
- The development of digital platforms such as DeclaraBID, a system for filing sworn asset declarations for public officials in Honduras, and a corruption complaints reporting platform implemented at the Office of the Comptroller General in Paraguay.
- The development of the AquaRating tool which supports risk management methodologies for Water and Sanitation operators and regulators.

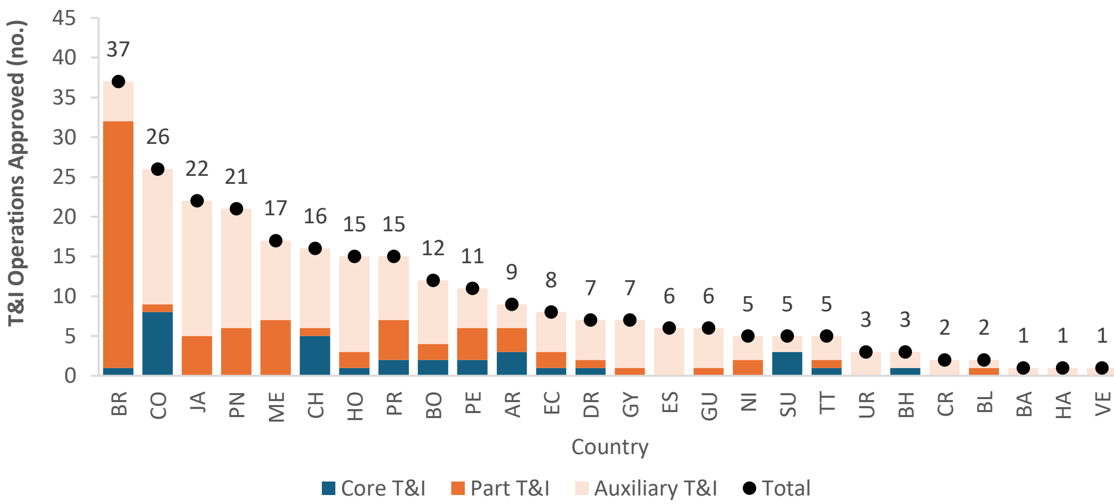
3.19. **Core support for T&I was limited to half the countries in LAC, and few countries received a substantial share of their IDB funding in the form of support for T&I.** All countries in the region received T&I support through TC (Figure 3.5). Most also received T&I support through policy-based loans and investment loans. However, only half the countries received core support on T&I (Figure 3.6). Five countries (Suriname, Chile, Trinidad and Tobago, Paraguay, and Honduras) received more than 5% of their average annual IDB funding in the form of support for T&I.

Figure 3.5. Number of T&I operations approved, by country and instrument (2010–2023)



Source: IDB Data Warehouse, OVE calculations.

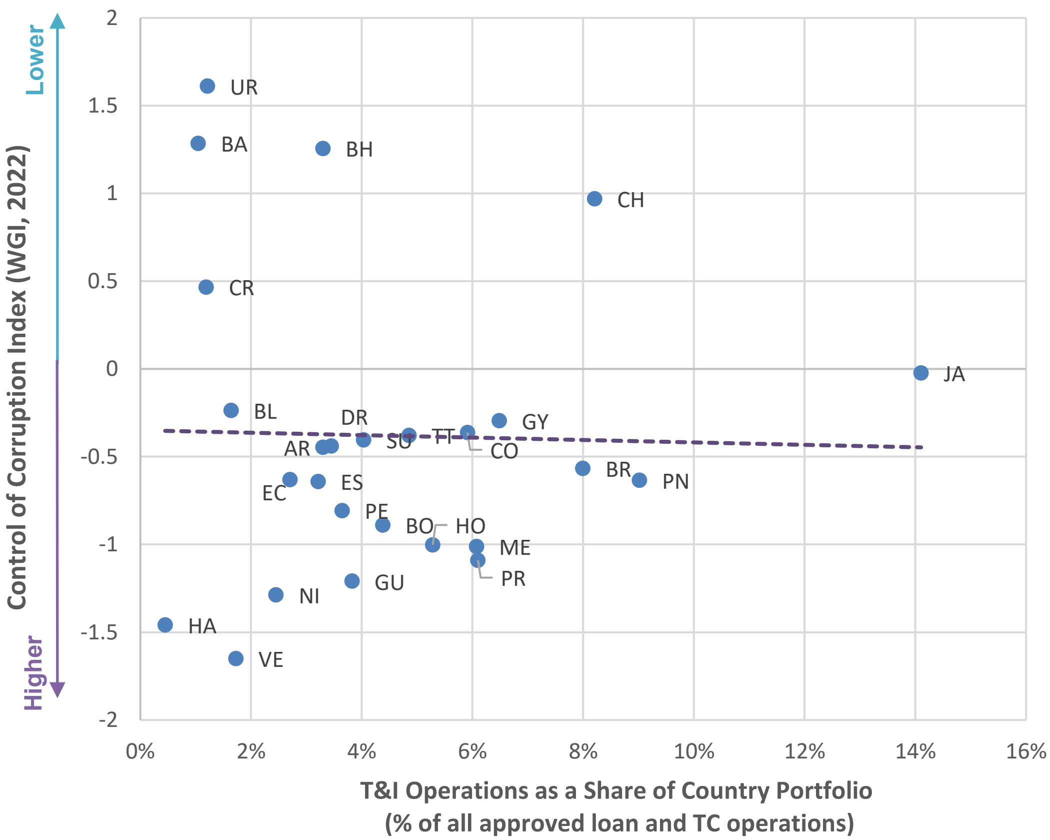
Figure 3.6. Number of T&I operations approved, by country and operation type (2010–2023)



Source: IDB Data Warehouse, OVE calculations.

3.20. **A low association between perceived corruption and support for T&I should be interpreted with caution because it could be due to a variety of causes.** Figure 3.7 shows no simple cross-country association between perceived corruption (as measured by the WGI control of corruption index) and the share of IDB portfolio projects with T&I components. Countries with lower index values—indicating higher perceived corruption—received levels of T&I operational support comparable to those with higher ratings. This pattern should be interpreted with caution for several reasons. First, IDB support for T&I reforms is demand-driven, and country demand is influenced by political incentives, institutional capacity, and reform feasibility. Governments operating in highly corrupt environments may be less willing or able to request integrity-focused support, even where needs are greatest. This means that observed T&I lending reflects where reforms are politically and institutionally feasible, not only where corruption risks are highest. Second, the effects of T&I support on corruption perceptions are likely to be weaker and slower in more corrupt environments, where entrenched practices and resistance to reform limit short-term changes. Perception-based indicators, such as the WGI control of corruption index, are slow to change and are influenced by many factors, so even effective interventions may not translate into improved ratings within the period observed. Together, these dynamics create endogeneity: the factors that determine where support is provided and how outcomes are measured are themselves influenced by corruption conditions. Third, other MDBs may be providing support to countries with high needs for T&I reforms, or governments may be undertaking these reforms without MDB support. Yet, while country demand is a central constraint and there are multiple possible causes for the lack of association between IDB's interventions and countries' needs, the IDB exercises influence through country dialogue, diagnostics, informal mechanisms, and strategic selectivity. Over time, this influence would be expected to increase the alignment between corruption risks and T&I engagement. Including information in IDB's CSs or operational documents on whether other MDBs are supporting countries with high T&I reform needs would help to justify limited IDB involvement.

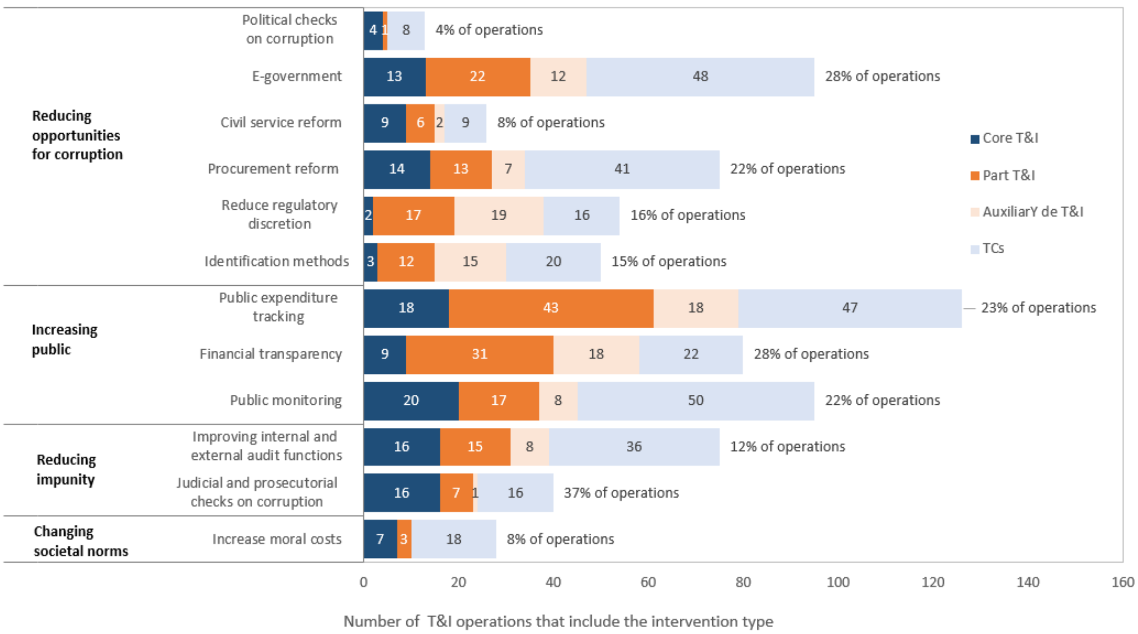
Figure 3.7 Corruption ratings and IDB operational engagement



Source: OVE, with information from the 2022 WGI control of corruption index.
Note: T&I = transparency and integrity; WGI = Worldwide Governance Indicators.

3.21. **The IDB supported a wide range of T&I thematic areas, with public expenditure tracking, e-government, public monitoring, and financial transparency interventions being the most common.** Core and non-core (part and auxiliary) loan operations, as well as TCs, covered a broad range of interventions across the 12 thematic areas and four policy objectives (Figure 3.8). Nearly all thematic areas were supported through investment loans, policy-based loans, and TC (Annex II). The thematic areas supported by the greatest number of operations include public expenditure tracking (supported by 36.7% of T&I operations), public monitoring (27.7% of T&I operations), e-government (also 27.7%), and financial transparency (23.3%).

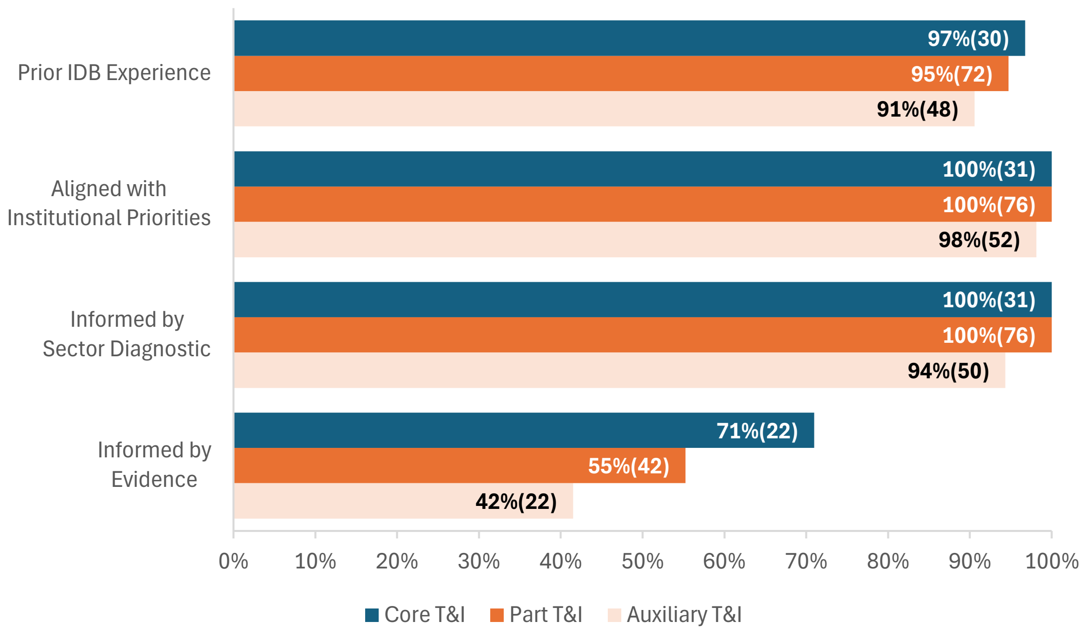
Figure 3.8. Number of T&I operations, by policy objective, thematic area and operation type (2010–2023)



Source: IDB Data Warehouse, OVE calculations.
Note: Totals may exceed the total number of T&I operations in the portfolio because a single operation can address more than one type of intervention.

3.22. **Core and non-core T&I-related components of loans were mostly relevant but did not always reflect evidence on what works in their design.** To assess the relevance of T&I components, OVE analyzed four factors. First, it considered whether the components supported thematic areas where the IDB had prior experience at the country or regional level. Second, it considered whether the components were aligned with IDB institutional priorities. Third, it considered whether the components were informed by diagnoses of sector-specific challenges (defined as T&I risks in particular sectors, such as health or energy) and country needs. Finally, it considered whether the components were supported by evidence or aligned with best practices as described in the literature. To this purpose, OVE reviewed project design documents to verify whether they cited relevant literature or presented a clear rationale for incorporating T&I components based on existing research, prior evaluations, experience from other operations, or recognized international good practices. To perform this assessment, OVE classified each operation in the portfolio (INVs and PBLs) according to the above criteria, assigning a binary score (0 or 1) for each factor at the operation level. For non-core loans, the assessment focused only on the T&I-related components within the operation, rather than the entire operation (but the score was still assigned at the operation level). Most T&I components were in areas where the Bank had prior experience (Figure 3.9). Nearly all were aligned with IDB institutional priorities. Almost all were informed by a sector diagnostic. However, only slightly more than half were informed by evidence from the literature. Box 3.5 includes an example of an operation that was informed by the literature (Box 3.5.a) and one that was not (Box 3.5.b).

Figure 3.9. Four aspects of relevance for T&I loans



Source: OVE.
Note: The analysis encompasses loans only. As explained in the text, all loans are rated for four dimensions of relevance at the operation level, but the ratings for part T&I loans and auxiliary T&I loans only consider the relevant portions of the operation (the T&I components). T&I = transparency and integrity.

Box 3.5. Examples of use of evidence to support T&I components

a. **A core T&I loan in Argentina used evidence to support the implementation of legal and technological reforms for enhancing transparency and integrity in public management**. The *Program to Support Transparency and Integrity Reforms* (AR-L1268) in Argentina aimed to enhance the T&I of public management by introducing regulations and mechanisms to promote access to information. The program focused on several key areas: (i) creating a legal obligation for the government to make information public, with institutions designated to enforce this obligation, (ii) improving integrity through ethics reforms, a gift registry, and the addition of the "cooperating witness" concept to the criminal code, and (iii) providing hardware and software to enhance transparency in government operations, particularly in procurement, public works, and public service payrolls. The program's design was clearly informed by evidence, which showed that similar interventions were likely to have the desired impact. For example, the loan document provides solid evidence linking the adoption of legislative measures that guarantee public access to information with increased responses to information requests by the National Public Administration (Dokeniya, 2013). Similarly, it highlights how the establishment of electronic systems for managing public procurement and public works—through legal provisions—can lead to greater transparency and efficiency in the execution of public works expenditures (Lewis-Faupel et al., 2016; Bandiera et al., 2009).

b. **A series of core policy-based loans in Bolivia lacked sufficient evidence to demonstrate the effectiveness of the proposed reforms in improving transparency and combating corruption,** A series of three policy-based loans in Boliva, *Efficiency in public Administration Support Program* (BO-L1005, BO-L1010 and BO-L1081), provide an example of an operation that was not informed by evidence showing that the intervention was likely to have the intended effect. The objective of the program was to support policy measures aimed at establishing effective, efficient, and transparent results-based public expenditure mechanisms (including measures for enhancing transparency and combating corruption). It provided a clear link between diagnostics and issues addressed by the program. However, most interventions lacked references to empirical studies that would have provided a clearer understanding of how the proposed actions would effectively improve transparency and anti-corruption efforts, particularly in the areas of public administration reforms, anticorruption actions, internal audits and the regulation of social oversight.

Source: OVE.

C. Entry points to develop relevant T&I strategies and operations

3.23. **OVE has identified six types of "entry points" that can create the conditions for developing relevant T&I strategies and operations.** While targeting T&I support to countries with higher perceived levels of corruption (according to the WGI control of corruption index) has proven difficult, the IDB has successfully acted upon context-specific opportunities, or entry points, to develop relevant T&I strategies and operations in several countries. Based on an analysis of T&I strategies and operations, OVE has identified six main types of entry points: (1) national strategies that refer to corruption, (2) countries' ambition to align with international standards, (3) corruption scandals, (4) governments' anti-corruption platforms, (5) cooperation with other international organizations, and (6) diagnostic work and work on strengthening national fiduciary systems. These entry points, whose availability depends on the country context, can translate into targeted or comprehensive T&I interventions. When countries have an appetite to tackle corruption on a large scale, entry points 1–4 come into play, potentially leading to broad-based lending operations. When countries lack the appetite to tackle corruption on a large scale, a more incremental approach—leveraging entry points 5–6 to support targeted interventions that may later evolve into broader programs—may be called for. OVE used these entry points as an analytical lens to assess how and when T&I engagement emerged in practice.

3.24. **First, national strategies can afford entry points for relevant T&I reforms.** Bolivia's Economic and Social Development Plan for 2016–2020, for example, included sovereignty and transparency in public governance among its main objectives. The IDB *Country Strategy with Bolivia (2016–2020)* indicated that this objective was aligned with the Bank's strategic objective of improving the effectiveness of public governance and included it in its results matrix. Similarly, the IDB *Country Strategy with Chile (2014–2018)* noted that the government's strategy included strengthening standards and practices of transparency and integrity in public management. It went on to state that the Bank could offer support in this area. The *IDB Country Strategy with Colombia (2012–2014)* noted that one of the objectives of the government's National Development Plan was to strengthen public administration, promote good governance, and combat corruption. The IDB *Country Strategy* aligned this government objective with the Bank's strategic objective to strengthen oversight and associated it with the Transparency International Corruption Perceptions Index as an indicator. Similarly, the *IDB Country Strategy with Colombia (2015–2018)* noted that the country's strategies included promoting good governance and building peace through security, justice, and democracy. It aligned this with the Bank's strategic objective to increase the quality of expenditure and public investment management capacity at all levels of government, which in turn was aligned with the objective to improve state accountability, transparency, and reporting mechanisms and with an indicator comprising the simple average of the WGI indices for control of corruption, voice and accountability, and regulatory quality. The alignment of country partner strategies with IDB country strategies in these cases strengthened the relevance of related T&I operations.

3.25. **However, national strategic objectives, even when recognized by the IDB, are not always reflected in the IDB strategic objectives, expected outcomes or indicators in IDB country strategies.** The *IDB Country Strategy with the Cooperative Republic of Guyana 2012–2016* noted that Guyana's national development objectives included strengthening public administration. This objective aligned with the Bank's strategic goal to enhance public sector management, including the efficiency of tax administration, the quality and transparency of public spending, and the capacity for monitoring and evaluation. However, the Bank's strategic objective was not associated with expected outcomes or indicators directly related to transparency. Mexico's 2007–2012 National Development Plan included the objective of providing public finance that promotes development in an environment of macroeconomic stability and is more efficient, transparent, and accountable regarding public expenditure. The *IDB Country strategy with Mexico (2010–2012; revised version)* mapped this country objective to the IDB strategic objective of improving the effectiveness and efficiency of public expenditure at the federal and subnational levels. One of the expected outcomes of this IDB strategy was increased transparency and control over public expenditure. This expected outcome, however, was not associated with any indicator directly related to transparency. Based on Mexico's National Development Plan for 2019–2024, the *IDB Group's Country Strategy with Mexico 2019–2024* conceptualized transparency as a cross-cutting theme that would be addressed in each of its priority areas. However, this cross-cutting focus on transparency was not directly reflected in any of the IDB's strategic objectives, expected outcomes, or indicators in the results matrix. It is possible that the IDB did not seize on national priorities as entry points for work on T&I in Guyana and

Mexico due to its comparative advantages and T&I investments in these countries by other MDBs or other partner institutions. Such rationales, however, are not documented in the country strategies or elsewhere. Absent that information, they may be regarded as potentially missed opportunities to increase the relevance of the IDB's T&I work. Although country strategies reflect government priorities, they also arise from formal and informal dialogue over which the IDB has some influence and embody the Bank's strategic choices about which issues to elevate, sequence, or defer within such dialogue.

3.26. **A second type of entry point concerns country partners' ambitions for international recognition and support.** For example, Guyana committed to joining the EITI in 2010 and was expected to receive approval for membership in October 2017. However, it needed considerable support to comply with the EITI's key requirements.[5] The *IDB Group Country Strategy with the Cooperative Republic of Guyana (2017–2021)* aligned the government's priority of sustainable natural resource management with the IDB's strategic area of strengthening fiscal policies. This alignment supported the IDB's strategic objective to strengthen Guyana's fiscal policies and framework for managing natural resource revenues. This strategic objective, in turn, was aligned with several expected results, including enhanced public expenditure management through greater reporting transparency, improved public financial management through the adoption of sound auditing and procurement practices, and the establishment of appropriate tools for managing natural resource wealth. These results were supported by an IDB's programmatic series for $15 million (three individual loans of $5 million each: GY-L1016, GY-L1021 and GY-L1029), and one investment loan for $6 million (GY-L1064), with components aiming to foster transparency and accountability in trade process and the financial sector, as well as to improve anti-money laundering and countering the financing of terrorism. The alignment between the country's priorities, the IDB country strategy, and the expected results contributed to the relevance of T&I operations.

3.27. **Corruption scandals offer a third type of entry point.** In Chile, the IDB supported a comprehensive T&I reform agenda through PBLs and TC following corruption scandals in 2015. Chile, which had been struck by corruption scandals in the middle of the decade, was receptive to support for a wide variety of reforms. The IDB's T&I-related program during the latter half of the evaluation period was relevant given the priorities of the country and the government and the new challenges arising from the corruption scandals of the mid-decade. The IDB's program built on extensive experience in supporting improvements in public management during the 1990s and 2000s, including components in operations that strengthened the Chilean state's capacity to prevent, detect and punish corruption. The Bank provided a programmatic series of support for T&I policy reforms for $230 million (2 core T&I operations, CH-L1110 and CH-L1111). The program also included one TC project for operational support for $400,000.

3.28. **A fourth type of entry point for T&I reforms can arise when a new government with an anti-corruption platform takes office.** In 2016, the Argentine government (2015–2019) launched the State Modernization Plan as a presidential mandate and a central pillar of its public-sector reform agenda. The Plan positioned

[5] The Extractive Industries Transparency Initiative (EITI) Standard requires the disclosure of information along the extractive industry value chain from the point of extraction, to how revenues make their way through the government, and how they benefit the public (https://eiti.org).

transparency, digital government, and open data as core components of state modernization. By prioritizing the digitalization of procedures, access to information, and integrity standards across federal agencies, the executive-led reform effort created clear demands and institutional conditions that provided entry points for IDB T&I support. While the 2016–2019 CS with Argentina did not explicitly include T&I as a strategic pillar—focusing instead on the broader objective of strengthening government institutions—in practice, IDB support for the T&I sector was substantial and prominent during the strategy implementation, making use of diverse instruments and a mix of core and non-core operations. In total between 2016 and 2019 the Bank approved resources to support T&I reforms for $814 million (10% of the total resources approved in the period). The support was channeled through five loans: three programmatic and two investments. Support through programmatic loans included a series of two Core T&I PBL operations (AR-L1262 and AR-L1303) to support access to information, civil service reform, political checks on corruption and procurement policies; and a part T&I PBP (AR-L1304) that supported the development of digital government. Support through Investment loans included a Core T&I operation (AR-L1292) that supported the consolidation of the public expenditure tracking system and a Part T&I operation with a component aimed at the simplification, standardization, and automation of foreign trade management processes (AR-L1251).

3.29. **In theory, engagement with multilateral institutions is a fifth opportunity for finding entry points.** During the evaluation period (2010–2023), many multilateral and bilateral agencies supported governance and anticorruption policies, diagnostics, and national and international political consensus-building in LAC countries. Multiple development agencies (including the World Bank, the United States Agency for International Development, the United Nations Development Programme, the Organization of American States, the International Monetary Fund and the European Union) supported T&I-related interventions in the same LAC countries. Based on OVE reviews of multilateral assistance for T&I in the region, IDB leads other institutions in providing financial assistance for broad T&I reforms, support to supreme audit institutions, and assistance in some key areas (transparency of public investment, final beneficiaries, and electronic invoicing). Support for strengthening country systems has been the principal T&I area for IDB collaboration with other development partners. In addition, the SSUCS guides Bank financing from the Operations Financial Management and Procurement Services Office (FMP) for small-scale technical assistance for country system diagnostics and capacity-strengthening activities. Diagnostics prepared under the framework of the SSUCS have created important opportunities for IDB collaboration with other development partners and served as critical inputs for their dialogue with countries on reform agendas and technical assistance. The Public Expenditure and Financial Accountability (PEFA) assessment and the Methodology for Assessing Procurement Systems are diagnostic tools developed by the World Bank and the Organization for Economic Cooperation and Development (OECD), respectively. The IDB has worked closely with both institutions on their application in LAC and used the resulting reports as entry points for dialogue with countries on future T&I-related assistance. Other agencies have used them to condition access to assistance programs or cooperation agreements (OECD, International Monetary Fund), hold countries accountable for international conventions (Organization for American States, OECD, United Nations), allocate concessional resources (International Development

Association) or set cut-offs for funding eligibility (Millennium Challenge Corporation). Conducting diagnostics contributes to the relevance of future operations by helping to align them with country needs.

3.30. **In practice, engagements with other partners on T&I occurred primarily through informal, ad hoc arrangements rather than formal multi-donor coordination mechanisms.** Development partners indicated that coordination with the Bank on T&I was highly dependent on the individuals involved. OVE's review of T&I activities in a sample of LAC countries,[6] as well as interviews with staff from MDBs and other partners (the World Bank, the International Monetary Fund and the OECD), also pointed out that contacts and coordination with the IDB were mostly ad hoc and episodic. OVE found no standing, formal, multi-donor collaboration mechanisms for joint planning, coordinated assessments or structured technical and political dialogue with governments and other stakeholders. Regular informal coordination occurs with at least a dozen donors and other partners (most notably, with World Bank and International Monetary Fund officials). Informal collaboration can be valuable and important, particularly given the sensitive and politically complex nature of T&I reforms. In some contexts, low-profile engagement may facilitate cooperation and trust in ways that more formalized arrangements cannot. It can also provide flexibility and operational efficiency, allowing institutions to respond quickly to emerging opportunities and country demand. However, the same features that make informal collaboration politically and operationally feasible also limit the extent to which roles, responsibilities, and collective results can be systematically documented and assessed. Reliance on informal, person-dependent coordination has important limitations from an institutional and evaluative perspective. Informal arrangements are difficult to trace, replicate or sustain, and they weaken transparency over roles and responsibilities, complicate accountability, and limit the ability to assess—and thereby improve—collective relevance.

3.31. **There is considerable room for more formal collaboration on T&I.** A review of the literature and interviews with IDB staff, development partners, government counterparts and experts suggest that there is substantial scope for more comprehensive and strategic multi-donor (multilateral and bilateral) partnerships at the programmatic and operational levels on the T&I agenda.[7] More effective collective action would include joint comprehensive assessments and analysis, shared frameworks for addressing corruption, multi-donor working groups, joint technical and political dialogue with governments and other stakeholders, and agreed criteria for assessing progress in reducing corruption (OECD, DAC, and Corruption Task Team, 2009). Coordinating with other multilaterals working on T&I could enhance the IDB's relevance by improving the allocation of tasks across institutions to better leverage their comparative advantages. If a mechanism to do so were in place, the IDB could benefit from entry points that came to the attention of other institutions first but were a better fit for the IDB. Conversely, the IDB could offer other institutions opportunities to work on entry points that came to the IDB's attention first but did not align well with its strategic objectives. Both processes

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6 Argentina, Bolivia, Chile, Colombia, Guyana, Jamaica, Mexico and Panama.

7 See, for example: Spector, Winbourne, & Dininio (2015); de Vibe et al. (2013); Savedoff (2016); Mason OBE (2021); Engel et al. (2018).

would sharpen the relevance of IDB's T&I interventions without precluding flexible informal engagement where it adds value.

3.32. **Sixth, diagnostic work and efforts to strengthen national fiduciary systems are potential entry points for later, more substantive work on T&I in contexts where larger-scale efforts are not relevant.** The IDB recently created the Institutional Capacity and Rule of Law Country Matrices to guide mainstreaming of T&I issues into programming and operational work. These diagnostics may offer entry points. TC projects that support diagnostics and international assessment (such as PEFA and the International Organization of Supreme Audit Institutions - INTOSAIT-) and other regional agendas (electronic invoicing, identification of final beneficiaries, and platforms to increase transparency of public investment) may also provide opportunities for broader support. OVE's interviews with Bank staff indicate that TTF grants have also provided a crucial entry point for dialogue, leading to the development of country-specific and regional T&I initiatives and agendas, such as *MapaInversiones*. As noted above, diagnostics and assessment enhance the relevance of future IDB interventions by aligning them with country needs. In addition, work on country systems can provide entry points for broader work on T&I. Strengthening national fiduciary systems (financial management, procurement, and audit) is a core area of the Bank's work to increase public sector transparency and accountability. It has been supported by both TC projects and loan operations and guided by the SSUCS. FMP leads the implementation of the SSUCS in collaboration with the Innovation in Citizen Services Division and the Fiscal Management Division. FMP focuses on small-scale TC projects to finance system diagnostics and capacity-strengthening activities. The two sector divisions provide more broad-based support to country system strengthening through a combination of loans and TC, the design of which may draw on the findings of FMP-led diagnostic assessments. Efforts to strengthen national systems are naturally aligned with country objectives, ensuring they are relevant. The results of most Bank-financed assessments are not publicly available, which reduces their utility in promoting T&I.

IV. EFFECTIVENESS

4.1. **Drawing on complementary lines of evidence, this chapter examines how effective the Bank's T&I operations have been.** The first section assesses the performance of a sample of loans across the four T&I policy objectives: (1) reducing opportunities for corruption, (2) increasing public oversight, (3) reducing impunity and (4) changing societal norms. The interventions analyzed in this section were purposively selected based on three criteria: ensuring representation of each policy area within the evaluation framework, prioritizing interventions with a critical mass of validated PCRs, and incorporating areas that exhibit adequate variation in beneficiary countries and observed results to support cross-context comparability. The second section focuses on the smaller set of programmatic PBLs that backed comprehensive, cross-cutting reform agendas. Together, the two sections provide a holistic view of what the Bank's T&I support has accomplished and under what conditions it has been most effective. We expect that this information will provide useful insights to operational teams designing new—or implementing ongoing—loans with T&I objectives or components.

A. Effectiveness of loans by policy objective

4.2. **OVE reviewed 47 interventions that aimed to achieve one of the four T&I policy objectives.** The portfolio for this analysis comprised the 47 operations in the evaluation portfolio that had an OVE-validated PCR and at least one T&I-related specific objective. The assessment focused on interventions supporting: (i) procurement reform and identification methods to reduce opportunities for corruption, (ii) financial transparency to increase monitoring, (iii) strengthening internal and external audit functions to reduce impunity and (iv) changes to societal norms.

1. Reducing opportunities for corruption

4.3. **This section examines how Bank operations sought to achieve the policy objective of reducing opportunities for corruption by introducing procurement reforms and strengthening identification systems.** Procurement reforms typically encompass legal and institutional changes to improve competitive processes. They often introduce standardized procurement documentation (for example, bidding documents), clear eligibility and evaluation criteria, and open and competitive tendering processes that may be supported by e-procurement platforms. Effective identification systems in public service delivery include social program beneficiary registries, unified social ID systems, and cadastral and property registration systems, supported by basic digital ID and verification tools.

a. Procurement reform

4.4. **Reforming procurement systems reduces opportunities for corruption by decreasing discretion, fostering competition, and enhancing accountability across public contracting processes.** Procurement reforms provide bidders with reliable information about procurement rules and processes, as well as digital tools for contract management and monitoring. They thereby create incentives for bidders to act as watchdogs against favoritism, reducing opportunities for corruption (Coviello et al., 2017). Furthermore, competitive tendering increases the number of bidders, promotes competition, and reduces the number of discretionary decisions that may lead to corruption (Decarolis, 2020).

4.5. **During the evaluation period, the IDB supported procurement reforms through projects that improved procurement legal frameworks, provided capacity building and increased competition in procurement processes.** Activities to build legal frameworks and improve institutional procurement capacities have focused on enacting laws requiring the use of electronic procurement (e-procurement) platforms, establishing procurement technical offices and providing training and procurement certification to government employees. Activities to increase competition have focused on improving bidding processes, tendering documents and systems, through the development of e-procurement platforms and the elaboration of market studies, framework price agreements, procurement manuals, and standardized tender documents.

4.6. **Interventions supporting procurement reforms yielded positive results overall, but legal, institutional and technological shortcomings limited them, and overly ambitious targets prevented capturing important achievements**. Interventions that financed activities to strengthen institutional capacities in public agencies yielded positive results when they occurred within a solid procurement legal and operational framework, characterized by the existence of previously established procurement units and offices and coordination among the agencies involved in the reforms. Similarly, actions focused on improving competition achieved positive results when consolidated procurement tools and systems were in place but not when the public-sector technical and technological capacities were overlooked. The development and implementation of modules in electronic systems is a progressive process that requires maturation, changes in procedures, and incentives for adopting the new technological solutions, which are not always granted. Some projects' overly ambitious targets, which translated into negative development effectiveness ratings, may lead to overlooking important results.

i. **Institutional and operational maturity was a key factor in the success of procurement-related interventions.** One component of the PBL[8] series in Argentina aimed to improve transparency in the management of public resources in procurement and contracting. It achieved good results in increasing the number of agencies using e-procurement platforms, largely due to making the platform mandatory, combined with a mature operating environment (i.e., based on systems widely and extensively used by the agencies that can be consulted online and are already part of the *modus operandi* in the national administration). In Colombia, an investment loan[9] looking for greater value for money in public procurement and a PBL series[10] aiming to enhance the efficiency of public spending financed the development of documents and modules of e-procurement platforms. These operations contributed to reducing the price of goods and services purchased by the government: spending on fuel purchases for the public sector fell by around 6%, while spending on insurance for public vehicles fell by more than 60% and other expenses, such as cleaning and cafeteria services, fell by more than 90%. These results should be taken with caution, given that external influences on the price of gasoline, for example, were not considered. Nevertheless, the positive results of these projects are reflected not only in falling prices, but also in other indicators that are directly attributable to the interventions, such as e-procurement platform usage. Since 2003, Colombia has made significant progress on procurement, with the creation of the Electronic System for Public Procurement and the establishment of the Intersectoral Commission for Public Procurement. In 2011, Colombia Compra Eficiente, a new National Agency for Public Procurement, was established in a context where no autonomous central procurement authority previously existed. The Institutional and operational maturity — tools, systems, and procurement units that had been operating for years - was a key factor of success in Colombia and has enabled the promotion of policies and tools aimed at the organization and coordination of participants in public procurement and contracting processes.

ii. **Often, results took longer than envisioned at the time of project design while transitions in legal and institutional structures were underway.** In

8 *Program to Support Transparency and Integrity Reforms in Argentina* (AR-L1268, $200 million) and *Program to Support Transparency and Integrity Reforms in Argentina II* (AR-L1303, $200 million).

9 *Colombia Citizen Service Efficiency Project* (CO-L1102, $20 million).

10 *Program to Deepen Fiscal Reform in Colombia* (CO-L1142, $400 million) and *Program to Deepen Fiscal Reform in Colombia II* (CO-L1227, $600 million).

Jamaica, an investment loan and an investment grant[11] supported the development and publication of a procurement manual and standard bidding documents, training and certification of professionals on procurement, and the implementation of an e-procurement system. Since the required legal framework was not yet in place, it would have been difficult for the project's activities to effect.change. A PBL series in El Salvador12 sought to improve the efficiency of fiscal management by boosting the mandatory and gradual use of the national e-procurement platform. The e-procurement system supported 0,3% of total government purchases, demonstrating the feasibility of e-procurement in the country, even though it was short of the 7% project target. The pilot with 15 public institutions showed that the module needed technical improvements and that users required training, which led to its limited use. In both cases, the interventions were context-relevant and implemented on the assumption that sufficient institutional, legal, and/or capacity conditions existed, revealing the importance of institutional and legal structures and frameworks. It is important to note that there are reasons to expect that the results will be observed after the project's completion[13], which would imply that observed results are those of a transition.

iii. **Some projects' overly ambitious targets—often resulting in negative development effectiveness ratings—did not allow capturing important results.** Some projects set overly ambitious targets, that could not be achieved because the required changes either (i) exceeded the scope of project-financed activities or (ii) required more time than the life of the project. Since development effectiveness is assessed against targets achievement at closure, these projects' effectiveness ratings were negatively affected even though they achieved important results. The *Jamaica Public Sector Efficiency Program* (JA-L1046) and the *Colombia Citizen Service Efficiency Project* (CO-L1102) projects, for example, included improvement of the Public Expenditure and Financial Accountability (PEFA) 24 indicator (PEFA Procurement Indicator[14]) as a target for the already mentioned procurement activities (i.e. development and publication of procurement manuals, standard bidding documents, training and certification of professionals on procurement, implementation of e-procurement systems). The PEFA PI-24 indicator covers four

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11 *Jamaica Public Sector Efficiency Program* (Specific Investment Loan JA-L1046, $25 million; Investment Grant JA-X1007, $6,65 million)

12 *Fiscal Strengthening for Inclusive Growth* (ES-L1093, $350 million) and *Fiscal Strengthening for Inclusive Growth II* (ES-L1137, $200 million).

13 In Jamaica, recent PFM diagnostic assessments, including the Agile Public Expenditure and Financial Accountability Assessment (2024) and Climate Public Investment Management Assessment (C-PIMA, 2023), recognize the ongoing efforts of the Government to strengthen public financial management and service delivery. In procurement, a 2025 policy review supports greater use of national fiduciary systems, and the IDB will continue assisting Jamaica in advancing an efficient, transparent and digital procurement system that improves project delivery.

14 In previous versions of the framework (2005 and 2011), indicator PI-19 was linked to public procurement. With the update of the 2016 PEFA Framework, the structure of indicators and pillars was reorganized. PI-19 was renamed "Revenue Administration", while the issue of procurement was moved to PI-24. Given that the projects incorporating the procurement-related indicator into their results matrices were approved before 2016, the PCRs included the analysis of the indicator with the previous encoding (PI-19).

dimensions: (1) procurement monitoring; (2) procurement methods (which focus on the use of open and competitive bidding procedures); (3) public access to procurement information (which assesses the transparency of procurement arrangements); and (4) procurement complaints management (which covers access to appeal and redress arrangements). The activities financed by these projects could not be expected to affect all four procurement dimensions measured by the PEFA PI-24 indicator at the end of the project. Neither Jamaica nor Colombia showed progress in the PEFA indicator, and in the case of Jamaica, this resulted in an unsatisfactory rating for the project's effectiveness. On the other hand, as mentioned before, the reduction in the price of gasoline purchased by the Colombian government following the implementation of the CO-L1102 project, which was achieved and allowed for a satisfactory rating in the project's effectiveness, also raises questions about the attribution of the progress observed. Both projects could have benefited from the inclusion of only intermediate and fully attributable results indicators, such as the number of agencies using e-procurement platforms or the coverage of contracting practices within electronic contracting systems.

b. Identification methods

4.7. **Effective identification systems in public service delivery—social program beneficiary registries, unified ID systems and cadastral registries—reduce opportunities for corruption by increasing the traceability of transactions, limiting discretion, and making decision-making processes more transparent.** In social and cadastral management programs, identification systems enhance integrity by allowing governments and citizens to verify who is entitled to social benefits or owns property and under what rules (Kaufmann & Vicente, 2011; World Bank, 2021). In social programs, robust identification methods, such as digital IDs, biometric verification, and unified social registries, ensure that benefits reach only verified, eligible recipients. They help eliminate ghost or duplicate beneficiaries, link disbursements to verifiable co-responsibilities, and narrow the scope for manipulation or favoritism in beneficiary selection through transparent eligibility metrics (Banerjee et al., 2024). In land governance, clear parcel identification, accurate rights registration, and open digital cadastral platforms make ownership and transactions traceable, curb opportunities for land grabbing or informal deals (Zúñiga, 2018), and allow citizens and auditors to monitor transactions and challenge misuse of land assets (De Maria & Howai, 2021). Digitization and the integration of identification systems with transfers and tax collection create transparent audit trails that make fund flows easier to monitor and irregularities easier to detect. Moreover, by reducing the discretion of local intermediaries and automating key verification steps, these systems limit opportunities for rent-seeking and informal payments.

4.8. **The Bank helped increase the effectiveness of identification systems by supporting reforms that modernized public registries, standardized eligibility criteria for social programs, and improved data integration across government systems.** First, it modernized public registries by developing and expanding single beneficiary registries and updating cadastral systems with new records and digital platforms. Second, it helped standardize eligibility criteria through better targeting tools—such as updated poverty-scoring algorithms and poverty maps—and by strengthening recertification processes to verify continued eligibility. Third, it improved data integration by enabling interoperability across program registries and cadastral systems, allowing governments to validate beneficiary information and tax records, monitor compliance with program requirements and verify tax payments.

4.9. **Strengthening identification systems yielded clear improvements in transparency.**

i. **In Honduras, the Bank's support contributed to strengthening identification systems as an anticorruption tool by improving the accuracy and consistency with which households were classified for social programs.** The Honduras Social Protection PBP[15] sought to support the government in adopting policy measures to reduce extreme poverty by improving the financial sustainability and efficiency of social protection spending and strengthening the governance of information across the social sector. To achieve these objectives, the Bank supported updating the national poverty-measurement methodology, approving and implementing an updated poverty map, collecting new socioeconomic information from more than one million households, and applying a revised algorithm to classify households by poverty level. The program assessed performance using indicators linked to targeting —that is, how accurately the system identified households that should receive benefits—measured through the number of households reclassified using the updated algorithm and the adoption of the new poverty map by social programs. The results showed substantial progress: more than one million households were re-evaluated and classified under the updated targeting algorithm, and five social programs adopted the new poverty map, exceeding original expectations. This strong performance was driven largely by the government's high technical capacity and its rapid approval and use of the updated poverty map, which allowed large-scale fieldwork and swift application of the new algorithm. The advances achieved by the program strengthened the consistency and transparency of beneficiary identification, reducing discretion in enrollment decisions and laying a more robust foundation for accountability in social protection programs.

ii. **In Panama, the Bank's support strengthened the administrative foundations for more transparent and accountable social programs, even if it did not measurably improve the targeting of benefits to the intended population.** The Panama Social Protection PBP[16] sought to enhance the transparency, equity, and efficiency of social protection spending and to strengthen the government's capacity to manage conditional transfer programs. To achieve these objectives, the Bank supported a set of institutional reforms, including the creation of unified beneficiary registries, the introduction of a single payment platform, the harmonization of eligibility rules, and the adoption of digital tools for verifying beneficiaries' compliance with program requirements. The targeting of benefits to the intended population was assessed using indicators for coverage (the share of eligible households receiving benefits)

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15 *Honduras Program to Support Social Protection Reforms I and II* (HO-L1193/HO-L1024 $109 million PBP, approved 2018–19).

16 *Transparency and Equity of Social Protection Spending Program* (PN-L1103/PN-L1118/PN-L1152 $550 million approved 2015–18).

and leakage (the share of ineligible households receiving benefits). Leakage did not improve and, in some cases, worsened slightly compared with the baseline. Coverage improved, but largely because the government broadened eligibility rather than because the program improved targeting. Nevertheless, the new digital platforms and administrative processes supported by the Bank may have played a useful role by clarifying eligibility rules and standardizing beneficiary information.

4.10. **The effectiveness of IDB operations that supported single beneficiary registries and interoperability across program registries was hindered by limited inter-ministerial engagement and the lack of sustained institutional and financial support.** Effective implementation of beneficiary registries and interoperability platforms required close collaboration among line ministries involved—particularly the ministries of education and health—as both data providers and users, along with continuous updating, validation, and funding to ensure reliability. Where coordination and long-term commitment were weak, implementation slowed, data exchange was irregular, and the transparency gains were lower. In the Dominican Republic (DR-L1039 DR-L1044 DR-L1047), for example, efforts to consolidate social registries and digital verification systems were constrained by limited involvement of the relevant ministries and partial use of the *Sistema de Gestión Clínica* for verifying co-responsibilities. Similarly, in Bolivia (BO-L1070), the *Registro Único de Beneficiarios* (RUB) faced sustainability challenges when voluntary data-sharing arrangements and the lack of dedicated budget allocations for the continuous operation and the absence of legal requirements compelling agencies to adopt the RUB prevented continuous updates. Similarly, in Bolivia, the cadastral system (BO-L1063) encountered limited use after project completion, as municipalities' needs and capacities were not sufficiently considered during design. Persistent technical problems, the absence of dedicated budgets for maintenance and software licenses, and the failure to achieve expected fiscal returns further discouraged municipalities from using and updating the system. These experiences highlight that the effectiveness of these operations depended on strong and sustained inter-ministerial collaboration, supported by legal frameworks, technical capacity, and stable resources that guaranteed regular data exchange and institutional ownership over time.

2. Increasing public oversight through financial transparency

4.11. **Financial transparency initiatives under the oversight policy objective are widely recognized as systemic safeguards against corruption.** These measures reduce anonymity and opacity in financial transactions, which in turn create opportunities for illicit practices. By adopting global reporting standards and anti-money laundering (AML) frameworks promoted by institutions such as the Financial Action Task Force (FATF) and the International Monetary Fund (IMF), governments enhance traceability and accountability, making it increasingly difficult for corrupt actors to exploit regulatory loopholes (FATF, 2022). Enhanced information sharing between tax authorities and financial institutions further deters capital flight and money laundering, reinforcing public trust in state institutions (World Bank, 2021). Furthermore, beneficial ownership transparency reduces opportunities for corruption, tax evasion, and illicit financial flows, strengthening governance and integrity (IMF, 2022). Ultimately, transparency in financial flows complements broader governance reforms by strengthening the rule of law and reducing opportunities for abuse of public office (Transparency International, 2025).

4.12. **During the evaluation period, the IDB supported financial transparency through operations aimed at strengthening legal and institutional frameworks, improving tax and customs management, and advancing AML protections.** The actions financed included creating specialized units to improve tax and customs enforcement, modernizing taxpayer registries, strengthening the regulation and supervision of offshore entities, promoting interinstitutional cooperation, and adopting international standards for the exchange of tax information. Technical cooperation (TC) projects played a key role in advancing AML and tax transparency efforts—promoting regional dialogue, generating knowledge, and supporting the adoption of international standards—positioning the Bank as key regional actor in this area (see Box 4.1).

Box 4.1. IDB's technical cooperation on anti-money laundering

During the 2010s, growing global concern over illicit financial flows, tax evasion, and corruption led to the adoption of new international standards on tax transparency and anti-money laundering (AML), spearheaded by the OECD and the Financial Action Task Force (FATF). These standards included mechanisms to exchange tax information between jurisdictions (e.g., Exchange of Information on Request - EOIR, Automatic Exchange of Information - AEOI), curb corporate tax avoidance (OCDE Base erosion and profit shifting-BEPS), and strengthen transparency through the identification of Ultimate Beneficial Owners (UBOs). In this evolving context, the IDB emerged as a significant regional actor among MDBs in supporting LAC countries to align with these standards—particularly through extensive TC.

OVE identified 22 TC projects supporting financial transparency during the evaluation period, totaling $7.4 million in approved funding. Half of the projects—and two-thirds of the funding—were financed through the Transparency Trust Fund (TTF), highlighting its central role in advancing the Bank's support in this area.

Most of these operations focused on strengthening countries' legal and institutional frameworks for AML and UBO transparency. The Bank provided technical advice on legal reforms to comply with FATF standards, supported the capacity of Financial Intelligence Units (FIUs), and helped countries conduct and update National Risk Assessments (NRAs), often in collaboration with the IMF. Other projects offered legal support to enhance tax information exchange mechanisms, in coordination with partners such as the Inter-American Center of Tax Administrations (CIAT), the OECD Global Forum, and the World Bank. Beyond institutional support, these TCs helped generate and disseminate knowledge across the region. One notable product was the UBO Toolkit, jointly developed by the IDB and OECD, which has served as a key technical reference for LAC governments and continues to be used in regional seminars and technical assistance efforts[17]

Source: OVE.

4.13. **Some financial transparency operations achieved significant progress, but the results were not consistently reflected in the selected indicators, and their effectiveness depended on the implementation conditions.** Projects achieved results when institutional coordination and cooperation between key entities were promoted, while results were limited when they depended on external factors (such as illicit financial flows) or due to COVID-19. Similarly to procurement projects, overly ambitious targets may have led to overlook achievement of important results.

i. **In Guatemala, a PBL that sought to increase tax revenue and advance AML protections showed progress, but ambitious targets were not met, partly because they were affected by external factors and complexity in indicator measurement.** The loan[18] financed several actions to strengthen the management of tax evasion and the transparency of the financial sector and offshore activities. Notable measures included the

17 OECD 2021: *Tax Transparency in Latin America*.

18 *Tax Management and Transparency Program* (GU-L1096, $250 million, approved in 2016).

establishment of the Tax Investigation Office, the modernization of the taxpayer registry, the enhancement of customs controls, and interagency collaboration among the Superintendency of Tax Administration, the Public Prosecutor's Office, and the International Commission against Impunity in Guatemala. These actions enhanced oversight and prosecution of tax crimes while advancing compliance with the FATF's international standards, resulting in a decrease in the money laundering crime rate and the Financial Secrecy Index. Similar to procurement-related operations in Colombia, caution is needed when attributing these results solely to the operation. Still, a logical link suggests the operation contributed to achieving them. The project also supported improvements in compliance with FATF standards on internal controls and oversight of foreign branches and subsidiaries. The goal of reducing illicit financial flows, however, was not achieved. The underachievement was partly due to the complexity of measuring this indicator, which requires collecting information that is often irregular and hidden. It was also partly due to external factors beyond the program's control, such as trade agreements, global demand for goods and services, and the productive capacity of other countries. As for the Jamaica procurement project (JA-L1046), the Guatemala Financial Transparency PBL reported an unsatisfactory rating because of the indicator's selection. In this case as well, the results would have been better captured by intermediate indicators—such as institutionalization of key functions, inter-institutional cooperation, and the adoption of more robust legal frameworks—rather than by impact indicators such as the reduction of illicit financial flows, which is hard to measure, influenced by exogenous factors and thus not directly attributable to the reforms supported by the PBP.

ii. **In Ecuador, a PBL aiming to improve the efficiency and transparency of tax policy made important progress in expanding formal tax information exchange relationships under international transparency standards**. The Ecuador Fiscal Management and Productive Development PBL[19] financed activities to promote adherence to and implementation of the Convention on Mutual Administrative Assistance in Tax Matters (MAAC)[20] and to strengthen capabilities in tax-related government institutions, principally through the integration of tax processes and the digitization of services. In this regard, the loan supported the approval of the Declaration on Application of Knowledge of the Ultimate Beneficial Owner of Property, and the incorporation of the technical proposal for a taxation system for digital services charged to credit cards into the tax reform proposal. Measures such as presenting an action plan for integrating data management, control, and taxpayer audit processes; implementing measures to integrate tax agency processes; and strengthening the efficiency of tax compliance processes through online services were also included. The program made substantial progress in establishing tax information exchange relationships (IER) through the MAAC, with 83% of

19 *Program to Support Improved Fiscal Management and Productive Development* (EC-L1252, $300 million, approved in 2019).

20 The Convention on Mutual Administrative Assistance in Tax Matters is a multilateral agreement designed to promote international cooperation to tackle tax evasion and avoidance. It was developed jointly by the Organisation for Economic Co-operation and Development (OECD) and the Council of Europe in 1988 and amended by protocol in 2010.

IERs successfully conducted under this framework. The operation also helped identify additional revenue of 84 million euros using financial account data, an outcome that serves as a measure of enhanced tax collection and reduced tax evasion resulting from automatic information exchanges. As noted by the OECD (2023) in its report on Fiscal Transparency in Latin America, "IER has been useful in tax investigations carried out by several Latin American Tax Administrations to address tax evasion and collect additional revenue". The success of the Ecuador project can be explained by alignment with international initiatives and support for technological modernization, which made it possible to leverage fiscal transparency mechanisms to strengthen collection and combat evasion.

3. Reducing impunity through internal and external audit institutions

4.14. **Pursuing the policy objective of reducing impunity through reforms strengthening internal and external audit functions in public institutions may increase the likelihood that corrupt behavior will be detected and sanctioned.** External audit institutions include supreme audit institutions (SAIs) and comptroller general offices. They aim to increase the likelihood that wrongdoing will be exposed and punished by conducting independent audits, publicly reporting findings, and referring cases for legal or administrative sanctions. Experiments in Brazil provide compelling causal evidence of the effectiveness of external audits: municipalities randomly selected for audits exhibited 20% reductions in corruption in federal transfers (Avis et al., 2018). Internal audit bodies include internal control offices and inspectorates. They may also contribute to detecting and preventing corrupt practices through the same mechanisms. However, the effectiveness of internal audit bodies in detecting and preventing corrupt practices is highly sensitive to many factors, including the quality and consistency of their audit work, their independence and resources, and the strength of management support and use of audit findings (Getie Mihret & Wondim Yismaw, 2007).

4.15. **The IDB supported strengthening internal and external audit functions through reforms to adopt international auditing standards, increase audit bodies' capacity, and improve audit planning and execution.** IDB's interventions increased the capacity of audit bodies through mechanisms such as implementing workforce planning (hiring, retaining, and incentivizing well-qualified auditors), developing knowledge management strategies that supported the documentation and transfer of institutional information and knowledge on auditing, and training auditors. Improving the planning and execution of audits was achieved through mechanisms such as simplifying administrative processes, updating and integrating computer systems, and developing quality management systems.

i. **In Colombia, efforts aimed at modernizing and professionalizing the audit system were associated with improvements in the quality of performance audits.** A $30 million investment loan in Colombia (CO-L1154) aimed to improve fiscal oversight by creating a strategic plan for how the Comptroller General's Office would monitor public finances over the next several years, simplifying its internal processes, aligning its work with its IT systems, and adopting international audit standards with stronger quality controls. The operation also included creating a unit to track how public money was spent and strengthening the office's ability to make and follow up on recommendations. The project's effectiveness mainly stemmed from adopting international audit standards, shifting to more specialized audits, and building strong quality-control and recommendation-tracking systems, all of which directly aligned with activities such as modernizing audit processes, clarifying roles, and strengthening follow-up. As a result of these activities, the percentage of quality criteria that were met in performance audits increased from 6% to 49%, an achievement rate of 172% compared to the target of 31%.

ii. **A project in Jamaica supported training and information systems audits but did not lead to observable improvements in the effectiveness of the internal audit PEFA indicator.** A $32 million investment loan in Jamaica[21] aspired to modernize Jamaica's core administrative systems by rolling out a whole-of-government human capital management platform, strengthening HR and ICT governance, and digitizing key public services, such as business registration and electrical permits. It also aimed to enhance accountability by upgrading internal and external audit capacity, modernizing procurement processes, and bolstering Parliament's fiscal oversight tools[22]. The project supported training for 130 auditors and six information systems audits. However, it did not undertake activities to improve the implementation of, reporting on, or responses to other types of internal audits, such as financial, compliance or performance audits which are components of the PEFA internal audit indicator. Consistent with this, PCR PEFA estimates at project closure (2020) indicate that the internal audit indicator remained unchanged from baseline values in 2013 (D+).

4. Changing societal norms

4.16. **Changing societal norms to increase the moral costs of corruption may help improve the effectiveness of reforms that advance other policy objectives.** Several reviews have found that formal institutional reforms aimed at reducing opportunities for corruption, increasing public oversight, and reducing impunity have yielded limited progress unless they also address informal societal norms that condone and even encourage corrupt conduct (Jackson & Köbis, 2018; OECD, 2020). Some reforms aimed at changing societal norms seek to increase the moral costs of corruption, such as guilt and shame. For example, educational reforms that socialize values such as civic responsibility, honesty and integrity may reduce corruption by shaping societal norms to raise the moral costs of corruption (Munro & Kirya, 2020). Another mechanism for curbing corruption by changing societal norms to increase moral costs has been empowering civil society organizations to exercise social accountability. For example, an experimental intervention (Fiala & Premand, 2018) took a sample of 200 urban and peri-urban district governments in Peru and randomly selected half of them to receive letters indicating that specific public works under their charge were being monitored by a civil society organization with the support of the country's leading anti-corruption agency. The intervention

[21] *Jamaica Public Sector Efficiency Program* (Specific Investment Loan JA-L1046, $25 million; Investment Grant JA-X1007, $6,65 million), also described under "procurement reform" above.

[22] These areas of intervention were identified by the government of Jamaica for efficiency gains and long-term savings and supported initiatives included in the Extended Fund Facility with the IMF, specifically, the streamlining of the business registration process, the implementation of activities included in the PFM Reform Action Plan (PFM-RAP) and the introduction of the human resources system and shared corporate services.

substantially lowered the cost of public works in the treatment group without slowing execution, consistent with reduced corruption.

4.17. **The IDB supported changing social norms through core T&I operations that required civics education and strengthened civil society organizations' capacity to provide oversight in combination with other public sector reforms.** The IDB supported two social norms operations during the evaluation period—one in Chile and one in Colombia. Both were core T&I operations with a variety of objectives aimed at building the foundations for sustained integrity by modernizing public-sector systems—reforming laws, professionalizing the civil service, improving compliance and information systems, and enhancing the capacity of control and audit bodies. In addition, the operation in Chile promoted educational reform, and the one in Colombia strengthened civil society organizations' capacity to oversee public services.

i. **A PBP in Chile introduced civics education in most state-recognized primary and secondary schools.** The intervention[23] supported activities aimed at changing societal norms centered on civic education and values formation, including introducing a bill to establish a national citizenship-training plan and making civics education mandatory in all state-recognized schools. Meanwhile, legal and regulatory reforms addressed political finance transparency, conflict-of-interest rules, public procurement and concession oversight, and civil service professionalization. The program delivered a substantial modernization of Chile's integrity framework, helping pass major laws, upgrade transparency and probity rules, professionalize public management, and strengthen citizen-facing accountability tools. The intervention catalyzed wide-ranging legal and administrative reforms that materially improved standards of probity and transparency across the public sector and instituted a citizenship training plan in more than 4,000 primary and secondary schools (79 percent of the total).

ii. **An investment loan in Colombia that built the capacity of civil society organizations to oversee public services contributed to changing societal norms.** As in the Chile PBP, the societal norms component of the Colombia investment loan[24] was part of a broader set of reforms. In Colombia, the other components focused on institutional reforms within the Office of the Attorney General to establish a preventive, data-driven oversight system through new compliance metrics, risk analysis tools, and internal capacity-building. Activities related to societal norms included piloting new citizen participation and supervision mechanisms in three cities, engaging roughly 3,000 citizens in regional monitoring through citizen oversight groups. Moreover, the Office of the Attorney General approved Resolution 186 of 2015, guaranteeing the continuity of these mechanisms for citizen participation within the office's preventive function. Citizen oversight bodies typically monitor public services and public works, review budgets, attend meetings with officials, request information, issue

[23] *Program to Support the Integrity and Transparency Agenda in Chile* (CH-L1110 and CH-L1111); further details are provided in the "Effectiveness of PBPs…" section that begins on the next page.

[24] *Program to Strengthen the Office of the Attorney General—Phase Two* (CO-L1098, $10 million investment loan, approved in 2011).

recommendations, document compliance problems and complaints, and report irregularities to control agencies.

B. Effectiveness of PBPs supporting comprehensive transparency and integrity reforms

4.18. **Comprehensive transparency and anticorruption reforms can generate system-wide benefits, but their effectiveness depends on enabling conditions and entails significant implementation risks.** The literature identifies several benefits, success factors, and risks associated with comprehensive and cross-cutting T&I reforms. A meta-analysis of randomized controlled trials (Mugellini et al., 2021) found that combining different interventions reduced corruption more than single interventions. When cross-cutting approaches are successful, it may be because they reduce opportunities for displacement of corrupt practices from one area to another and help shift incentives at a systemic level (Avis et al., 2018; Olken & Pande, 2012). Their effectiveness, however, depends on strong political sponsorship, clear prioritization, careful sequencing, adequate resourcing, and coordination across agencies (Smidova et al., 2022; UNODC, 2015). Comprehensive agendas also carry risks: when they are overly ambitious, insufficiently tailored to the country context, poorly sequenced, contain conflicting objectives, or are weakly anchored in implementing institutions, they can divert limited resources from the most feasible reforms or generate reform fatigue, leading to fragmented execution, limited enforcement, or stalled progress (e.g., Khan, 2006).

4.19. **During the evaluation period, the IDB approved six PBP series that supported comprehensive, crosscutting, and tailored T&I reforms.** The IDB approved the six PBP series (ten operations) in Argentina, Chile, Honduras, Paraguay, and Suriname. They all supported comprehensive anticorruption reforms whose policy conditions cut across two or more T&I policy areas. All six series are considered core operations, as all their specific objectives were T&I-related. These programs capitalized on windows of opportunity created by corruption scandals or the anticorruption agendas of new governments. In these cases, the Bank supported reforms that aimed to expand access to public information and enhance the integrity of the public function. Related activities included introducing or strengthening codes of ethics, instituting systems for declaring interests and assets, creating regulations to prevent and sanction conflicts of interest, and stipulating rules regarding ineligibility and incompatibility in public office. The reforms also increased penalties for corrupt acts and strengthened key public management systems, including electoral services, public procurement, concessions, internal audit and financial transparency.

i. **Argentina's program supported comprehensive transparency reforms across government operations and financial management.** In 2017, the Bank approved *the Program to Support the Transparency and Integrity Reforms in Argentina* (AR-L1268 & AR-L1303), supporting legislation to improve access to public sector information, civil servants' gift registries, whistleblower protection, electronic contracting, purchasing, and human resources management, and financial transparency.

ii. **Paraguay's program focused on cross-cutting reforms on accountability, procurement transparency, and financial controls.** In 2019, the Bank approved the *Program to support the Transparency*

Agenda in Paraguay (PR-L1161 and PR-L1180). The program supported legislative and regulatory measures to enhance accountability and access to information among public agencies, improve electronic public purchasing systems, strengthen public contracting supervision, and enhance anti-money laundering and final beneficiary identification.

iii. **Chile's program responded to a major corruption scandal with tailored and sweeping institutional and legal reforms.** Starting in 2015, following the ʻCaso Pentaʼ[25] corruption scandal, the Bank approved the *Program to support the Integrity and Transparency Agenda in Chile* (CH-L1110 and CH-L1111, see Box 4.2). The program supported institutional and legal reforms identified by a high-level presidential anticorruption commission, including: legislation to improve the regulation of political parties and campaigns, public purchasing and contracting, e-signatures for public contracting, public sector provider and contractor registries, the integrity and avoidance of conflict of interest for public servants, the senior public servants' system, and the creation of the regulatory commission for financial markets.

[25] The "Penta Case" (2014) exposed a scheme of tax fraud and illegal political campaign financing involving the Penta business group and several politicians, revealing structural weaknesses in Chile's oversight and political-finance systems. See Cano & Simison (2023), *Political Elites, Agency Discretion and Anti-Corruption Reforms in Chile*, and World Bank (2021), *Reforming Procurement and Political Party Financing in Chile*.

Box 4.2. PBP Support to T&I reforms in Chile

Following the 2014 'Caso Penta' corruption scandal, the government of Chile created the Presidential Advisory Council against Conflicts of Interest, Influence Peddling, and Corruption (CAP). The CAP proposed a comprehensive reform agenda to reduce corruption, ensure transparency in political party financing, increase market confidence, and strengthen public sector integrity and citizens' rights. The IDB provided support to many of the proposed reforms through a two-operation PBP series (CH-L1110/2015 and CH-L1111/2016, for a combined $230 million) that aimed to:

- Improve administrative probity by (a) strengthening the legal frameworks for declaration of interests and assets and prevention and sanction of conflicts of interest; (b) strengthening the Senior Public Management Service System; and (c) establishing public sector codes of ethics.
- Support legislation to punish corruption between private citizens and increase penalties for corruption and bribery in the exercise of public office.
- Strengthen the administrative and oversight powers of Chile's Electoral Service;
- Strengthen probity and transparency in public procurement;
- Strengthen the concession system;
- Strengthen supervision of the securities and insurance markets;
- Strengthen the government's internal audit capacity; and
- Implement public education programs requiring civics education in primary and secondary schools to promote anti-corruption social norms.

Through the PBP series, the Bank supported bills already in the legislative process that had been modified or had their processing and approval accelerated in accordance with CAP recommendations, as well as new bills that entered the legislative process as of June 2015. The PBP was complemented by a $400,000 operational support TC (CH-T1166/2016). As highlighted by Aris et al. (2019), Some of the key achievements of reform include:

- The inclusion of transparency requirements for political financing
- The establishment of public financing for political parties, which had previously been funded exclusively through private contributions.
- The reintroduction of civic education in schools.
- Asset and interest declarations to prevent and detect conflicts of interest.
- The obligation for senior officials with substantial assets to establish a blind trust to prevent conflicts of interest.
- The creation of the General Directorate of Public Works Concessions as an agency subject to the Senior Public Management System, to reduce risks of capture in the design of infrastructure projects.
- Measures to prevent corruption in territorial planning.
- The creation of market regulatory bodies with greater autonomy and enhanced oversight powers.
- A reform that closes loopholes that had undermined the role of the Senior Public Management System.

The work of the CAP was crucial in facilitating consensus-building for the approval of the new reform agenda, by identifying specific proposals that were subsequently implemented by the government and Congress, and whose progress could be easily monitored by civil society and the public. The CAP's work (including preparing reports, reviewing international experience, and consulting external experts) was supported by the Bank and by other organizations and international experts (including the World Bank, Ideas, and the OECD; Aris et al., 2019).

The operations had a strong logical sequencing of proposed reforms, and a relevant set of policy commitments with adequate depth to advance the supported reform areas.

In 2021 and 2023, the Bank approved a second PBP series (CH-L1157 and CH-L1172) to deepen and consolidate previous T&I reforms. The second series' objectives were to: (i) reduce inefficiencies in access to public information; (ii) increase effectiveness in the prevention and detection of improper conduct in public administration; and (iii) increase the effectiveness of the financial transparency framework. The second operation of the series is currently active and, as such, there is little information available on the projects' effectiveness.

Source: OVE.

4.20. **All three programs successfully enacted critical reforms and were effective in achieving most expected results.** In all cases, the reforms were of high criticality and anchored in legislative reforms. All the PBP series were completed with full approval of the respective legislatures, thanks to high country ownership, and most of the expected results were achieved.

iii. **Argentina's reforms improved information access, gift registries, electronic systems, and financial reporting.** The reforms increased the response rate to access-to-information requests from 81% in 2015 to 95% in 2017; surpassed the annual target for the number of gifts registered by public employees, reaching 3,625 gifts in 2019 (target: 1,200); increased the percentage of decentralized government agencies using electronic contracting and procurement systems from 45% in 2017 to 59% and 65%, respectively; achieved 100% adoption of the centralized human resource management system among public entities; and ensured adequate financial reporting by 80% of financial entities supervised by the Central Bank.

iv. **Paraguay's reforms enhanced information transparency, e-procurement adoption, and financial crime prosecution.** In Paraguay, the reforms increased the response rate to information requests from 70% in 2018 to 88% in 2022; doubled the number of requests resolved in less than 15 days, from 760 in 2019 to 1,498 in 2022; increased the percentage of public entities using the electronic contracting system to advertise public procurement from 4% in 2019 to 100% in 2022; raised the percentage of entities using the system to monitor their contracts from 35% in 2020 to 100% in 2022; and increased the share of suspicious financial operations reported by banks that were prosecuted from 3% in 2018 to 13% in 2022.

v. **Chile's reforms expanded financial declarations, merit-based hiring, contract integrity, and civic education.** In Chile, the reforms increased compliance among public servants required to submit financial declarations from 90% in 2015 to 95% in 2017 and increased the number of senior staff recruited through the Senior Public Sector System from 949 in 2014 to 1,093 in 2017. For the remaining indicators, which started without a baseline (i.e., from zero), the reforms achieved their 2017 targets by: ensuring that 95% of contracts were awarded under enhanced integrity standards; expanding the use of e-signatures for public contracting to 17 public entities (target: 10); and increasing the share of education establishments with a civic-education formation plan to 79% (target: 50%).

V. Conclusions and Recommendations

5.1. **The IDB's T&I work during 2010–2023 laid important foundations and showed that well-targeted Bank support can deliver meaningful gains.** Using a conceptual framework adopted for this evaluation that groups 12 intervention types under four policy areas (reducing opportunities for corruption, increasing public oversight, reducing impunity and changing societal norms), OVE mapped 343 sovereign-guaranteed operations during the evaluation period that had at least one T&I-related activity—totaling $20.8 billion—and found that the Bank supported T&I reforms in all borrowing member countries through a mix of PBLs, investment loans and TC projects. This was the largest MDB T&I

portfolio in LAC. Most T&I components were in areas where the Bank had relevant experience, aligned with corporate priorities and sector and country diagnostics and—in many flagship cases—were explicitly grounded in empirical evidence and international standards, showing that the Bank can design T&I operations that are both technically sound and well matched to client needs. When objectives were tightly scoped and context-sensitive, operations under each of the four policy objectives achieved solid results—procurement and e-government reforms reduced prices and improved transparency, financial transparency operations generated additional revenues and upgraded enforcement architectures, audit and control reforms strengthened oversight capacity, and norm-shaping interventions expanded civic education and citizen oversight. These experiences, including successful comprehensive PBP series that bundled cross-cutting T&I reforms, show that the Bank can support tangible improvements in T&I when reforms are politically owned, well sequenced, and backed by capable institutional counterparts.

5.2. **The IDB's use of entry points to align its T&I support with windows of opportunity has been mixed, limiting its ability to meet the needs of countries with greater T&I risks.** The evaluation identifies six types of entry points: national strategies that refer to corruption, countries' ambitions to meet international T&I standards, corruption scandals, anti-corruption government platforms, involvement of other multilateral and bilateral agencies on T&I in a country or a sector, and IDB's diagnostics and country fiduciary work. The Bank's strongest T&I engagements—such as those in Bolivia, Chile, Colombia, and Argentina—occurred when it leveraged national strategies, ambitions to meet international standards, corruption scandals, or the anti-corruption platforms of incoming administrations to align reforms with political priorities. In these cases, entry points enabled the Bank to align T&I operations with government priorities and political windows, whereas similar openings in countries such as Mexico and Guyana, as well as opportunities linked to joint diagnostics (for example, PEFA, MAPS, and SSUCS assessments) and coordination with other development partners, were often acknowledged but not translated into explicit T&I objectives or operations. The overall intensity of T&I engagement by country showed no clear relationship with measured corruption risks, which may reflect demand-driven selection and context-dependent responsiveness, ongoing engagement by other MDBs', governments' independent action or the IDB not using the entry points systematically.

5.3. **The extensive body of corporate, sector, and country strategies related to T&I over the past two decades has not yet coalesced into a sustained pipeline of T&I operations.** A succession of different strategic documents—from the *Systemic Framework Against Corruption* and PAACT, through SSUCS and IDB-9, to the *Institutions for Growth and Social Welfare* strategy, the *Transparency and Integrity Sector Framework Document*, guidance on institutional capacity and rule of law, and *Impact+*—have, until recently, offered only limited practical direction on prioritization, programmatic approaches, and results measurement, leaving country and sector teams without a clear roadmap for when and how to engage on T&I or how to reflect those choices in country dialogue, programming, and results matrices. The forthcoming *State Effectiveness: Institutional Capacity and Rule of Law Action Plan* begins to address these gaps, but the portfolio still reflects their legacy: few fully dedicated T&I loans and declining numbers and volumes of operations with embedded T&I activities after 2019, partly driven by the winding down and closure of the TTF—historically a key source of financing for piloting and scaling T&I innovations—and the absence of a replacement vehicle.

5.4. **The Bank's evidence base is too thin to draw firm comparative lessons on several key design choices, leaving important knowledge gaps on "what works where and under what conditions."** The evaluation highlights gaps in the Bank's understanding of the comparative value of different intervention types and design choices across countries and political-institutional contexts. First, the Bank has not systematically tracked when opportunities for T&I support arise in the form of entry points, how they are used, or why similar openings in other countries are missed, so there is no structured learning on how best to identify and exploit them. Second, because almost all operations embed T&I activities alongside other objectives, the evaluation could not rigorously assess the relative effectiveness or success factors of fully dedicated versus embedded T&I support. Third, experience with comprehensive, programmatic PBP series is limited to a handful of mature cases, so the Bank lacks systematic analysis of when broad, cross-cutting engagements outperform narrower or one-off operations. Fourth, while the effectiveness analysis points to recurring contextual drivers of achievement of results—such as diagnostic depth, political sponsorship, legal openness, system maturity, technical capacity, interagency coordination, and sustained funding—these conditions are rarely diagnosed or monitored in project designs, and there is no cross-country analysis of how they shape results under the four policy objectives.

5.5. **The Bank's ability to know "what works" in T&I is also limited because many operations do not use T&I-specific objectives or indicators, and those that do often set overly ambitious targets.** The absence of an overarching theory of change and Bank-wide results framework for T&I meant that this evaluation could only assess individual operations' T&I-specific objectives, drawing on validated PCRs where they existed. Only 72 of 127 closed operations during the evaluation period had validated self-evaluations, and around one-third of those financed T&I-related activities without a corresponding T&I objective or indicator, making their contributions unmeasurable. Moreover, when indicators are included, they often suffer from at least one of three common issues. First, they may overly rely on data sources that are infrequently produced or not aligned with project cycles (e.g., PEFA assessments). Second, they may not be sufficiently sensitive to the outcomes of interest (or overly sensitive to exogenous factors), such as targeting reductions in illicit financial flows that are highly sensitive to external conditions rather than specific changes in systems, practices, or behaviors. Third, they may be overly ambitious relative to the nature and timeframe of the interventions—the complex, long-term causal pathways of T&I reforms make it challenging to target final outcomes within the lifecycle of a project.

Recommendations

Given the findings of this evaluation, OVE recommends the following:

1. **Systematically identify and use entry points, within a demand-driven business model, to shape dialogue and sequencing of T&I engagement in areas where risks are high, and the Bank has comparative advantage.** The IDB should aim to increase the intensity of T&I engagement in the areas in which it has a comparative advantage in countries with low or declining T&I scores on indicators such as the Transparency International Corruption

Perception Index and the Worldwide Governance Indicators control of corruption index. Suggested entry points to monitor and follow up on include: (1) countries that have approved national strategies that refer to corruption, (2) countries that have stated the intention to align with broad or sector-specific international T&I standards, (3) countries experiencing corruption scandals, (4) countries that have launched anti-corruption government platforms, (5) countries that are receiving support from other multilateral and bilateral agencies on T&I, and (6) countries where IDB is conducting diagnostics and supporting strengthening of country fiduciary work (that is, work on ensuring that public funds are used legally, transparently, and for their intended purpose). Where alternative conceptualizations or prioritizations of entry points are applied, these should be clearly documented in operational designs or other documents that support learning and evaluability. The IDB's successful use of entry points in Argentina, Bolivia, Chile, Colombia, and Guyana during the evaluation period can be taken as a reference. When attempts to establish a dialogue with the countries with the greatest T&I risks are unsuccessful, the Bank should maintain internal documentation on whether the country is not interested in receiving support or whether it is already addressing those needs (independently or in partnership with other development institutions).

2. **Within a demand-driven business model, work towards closing the gap between T&I strategies and operational implementation.** This implies working to build country demand, reform readiness, and addressing political economy constraints to translate the extensive body of corporate, sector, and country strategies related to T&I that the Bank has developed during the past two decades into a sustained pipeline of operational work. In the context of the implementation of the 2024 IDB Institutional Strategy Impact+ and the upcoming State Effectiveness: Institutional Capacity and Rule of Law Action Plan, OVE recommends: (1) ensuring that the dialog that stems from the entry points covers both strategic directions and potential operational implications; (2) work on finding alternative mechanisms to the TTF to support reversing the reduction of the T&I operational pipeline that the IDB has experienced in the past several years; (3) requiring teams developing an operation on sectors for which T&I is critical (such as public sector, infrastructure, social or natural resource management) to assess and record whether T&I issues should be addressed when they are critical to address the development challenge that the project wants to tackle, and, if so, to clarify whether the operation or complementary interventions are addressing them; (4) when operationalizing T&I work in client countries, maximizing synergies with other development partners working in the area.

3. **Continue to deploy IDB's instruments to support the four T&I policy objectives while building the knowledge required to maximize the effectiveness of T&I operations.** Continue to provide robust support for the four policy objectives —(1) reducing opportunities for corruption, (2) increasing public oversight, (3) reducing impunity and (4) changing societal norms—while simultaneously building an evidence base on which types of interventions and combinations of interventions work best and under what conditions. T&I activities that remain highly relevant, have demonstrated effectiveness and should therefore be continued, include targeted reforms that modernize public procurement and e-procurement (Paraguay, Suriname), strengthening tax enforcement and financial transparency through data integration and

information exchange (Ecuador, Argentina), upgrading internal and external audit institutions (Guatemala, Paraguay), and improving identification systems and registries to reduce leakage (Honduras, Panama), together with comprehensive, well-sequenced PBP series bundling legislative reforms on access to information, ethics and conflicts of interest, asset declarations, procurement, and civic education (Argentina, Chile, Paraguay). Building a systematic evidence base to promote effectiveness may include comparative analysis of (1) means of identifying and mechanisms for taking advantage of the six entry points, (2) operations fully devoted to T&I components versus operations partly including T&I activities, (3) comprehensive, programmatic series versus narrower or one-off engagements, and (4) country conditions that shape results under the four policy objectives.

4. **Improve measurement and reporting on T&I interventions, while acknowledging inherent limitations in assessing their outcomes.** Operational teams should: (1) ensure that any operation financing T&I-related activities clearly identifies its T&I objectives and includes a small set of realistic targets and fit-for-purpose indicators, prioritizing intermediate outcomes that capture institutional or behavioral change and using output indicators where outcome data are not feasible; (2) avoid relying on high-level impact measures—such as illicit financial flows or national corruption indices that cannot be tracked regularly or lie largely beyond the control of a single operation—to assess the results of specific interventions (for example, assessing relatively narrow e-procurement and capacity-building activities against a broad PEFA procurement indicator they were not realistically positioned to influence); and (3) explicitly acknowledge in project design and self-evaluation the inherent limits of measuring T&I outcomes, given long causal chains, perception-based indicators, multiple actors, and external shocks, so that weak performance against poorly chosen indicators is not misread as an absence of meaningful results.

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