



INTER-AMERICAN TRANSPARENCY INDEX:

Understanding Transparency in The Americas

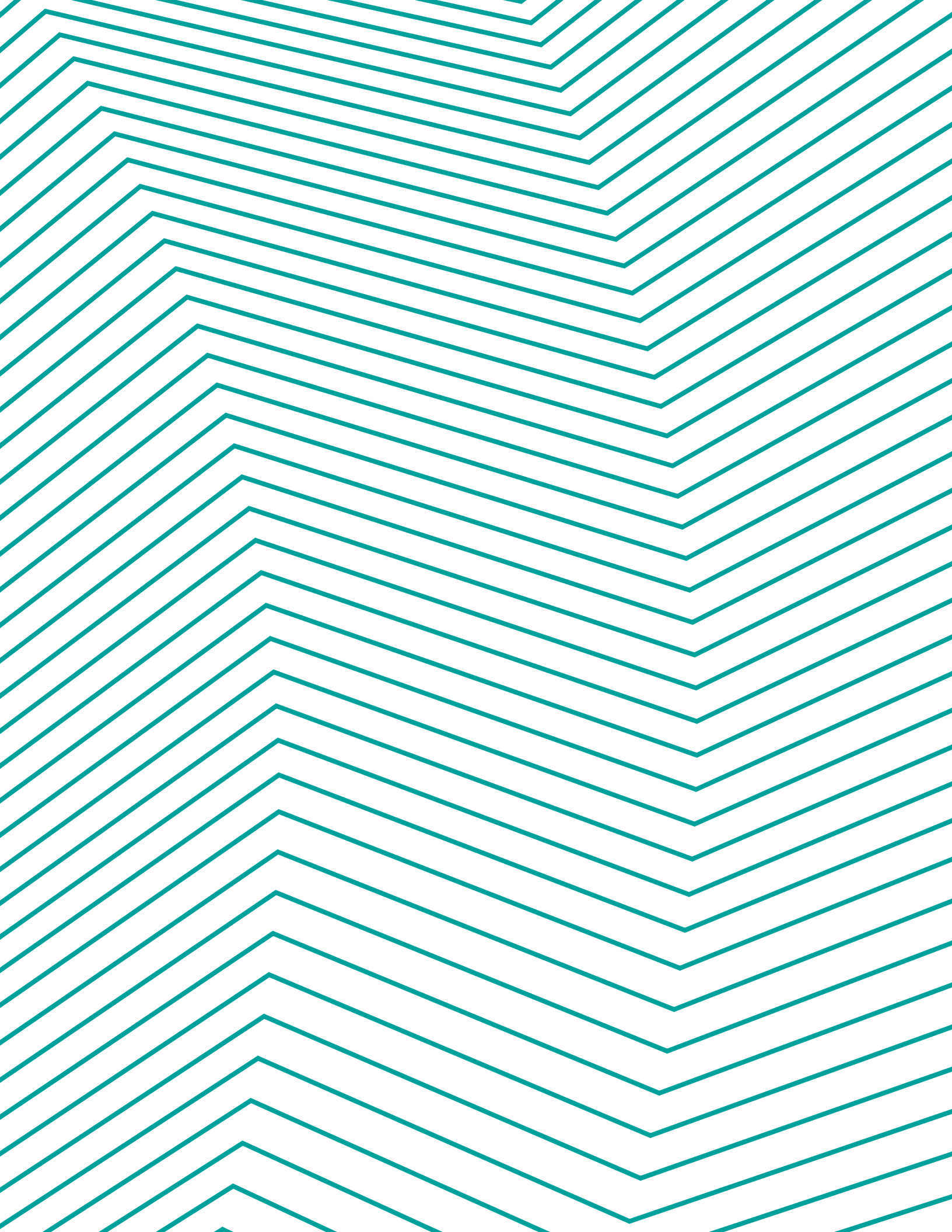
CAPSTONE PROJECT

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Understanding Transparency in The Americas

A joint research project between The OAS Department of
Effective Public Management (OAS/DEPM) and
IE School for Global and Public Affairs (IE SGPA)

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Transparency

Trust is a fundamental factor of good governance (Wu et al., 2017). Despite this, public trust in institutions has been decreasing in the last years (Park et al., 2015; Welch et al., 2005). In this sense, to increase the level of trust, transparency is the most effective key available nowadays (Park and Blenkinsopp, 2011). As also described by Transparency International, the foremost characteristic of a transparent relationship between the states and its people is accountability, which can be attained by the full disclosure of data, rules, plans, process, policies and actions (McGee & Gaventa, 2010).

Corruption

Governance systems that are effective, robust, and accountable are vital to administer natural resources, ensure public services, enhance trade, draw attention to private investment, and run aid and cooperation relationships. Corruption is detrimental to those ambitions. As an illustration, unlawful financial flows are able to destabilize progress and governance, and dishonesty is able to consume a country's wealth and dwindle the social contract. (CGDEV, n.d.)

According to Transparency International (n.d.-b), corruption is "the abuse of entrusted power for private gain". It may be categorized as grand, petty and political, varying on the volume of resources misplaced and the sector that it happens. In detail, grand corruption exists when leaders take advantage at the cost of the public good. Petty corruption happens with the abuse of delegated power by low and medium level public officers in their interactions with citizens. And lastly, political corruption occurs when policies, institutions and laws are manipulated through the provision of resources and financing by politicians that misuse their position to withstand their power, prestige, and richness.

Enforcement

In accordance with the OECD Best Practice Principles for Regulatory Enforcement and Inspections (2014), enforcement is considered in its wide-ranging significance, comprising all the actions of state structures intended at endorsing compliance and accomplishing regulations' outcomes, such as reducing risks to security, well-being and the environment, guaranteeing the attainment of public goods (incorporating public revenue collection), protecting specific legitimately accepted rights, promoting honest performance of markets, etc.

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I. INTRODUCTION

Transparency issues are not a new phenomenon in the American region, they have existed for ages among its societies and worldwide. However, these political, social, and economic problems started to emerge on public agendas no more than three decades ago. It was only in the 1990s when international and regional organizations, together with several actors from the private sector, began to demand and offer different alternatives to tackle these kinds of problems that threatened both, public and private spheres, with the same level of severity (Salas, 2016).

A clear example of a regional development effort that took place during those years was the creation by the Organization of American States (OAS) of the Inter-American Convention against Corruption. This international organism was the first instrument of its kind on a global scale that sought to develop country agreements to implement different sorts of measures aimed to prevent, detect, investigate, and punish corruption activities (MESICIC, 2019). As time passed, the relevance of transparency in the public and international spheres increased, resulting in the creation of new treaties by different international organizations, such as the UN and OECD. Meanwhile, national governments also began to work in order to offer different institutional and legislative solutions to these problems inside their borders. As a consequence, towards the first years of the twenty-first century, different anti-corruption agencies were created, e-government mechanisms started to be promoted, and different laws aimed to improve public procurement and contracting procedures were passed in the region. Moreover, public administrations started asking for assets declarations to government officials and other regulations were also implemented to improve and make public their personal financial management and contracting mechanisms.

With different types of public and private institutions already working on the need for a more transparent and less corrupt institutional system, societies in the Americas followed the same direction where the demand for transparency in the region also began to rise in several countries.

Various regional and national surveys started to show the level of social rejection towards issues such as corruption, being the lack of transparency ranked as one of the main three problems for Latin American countries in the 2000s (Salas, 2016). Today, societies all over the region give a really important place to transparency in every aspect of their lives. In the political sphere, there was a remarkable shift against corrupt politicians and governments shown in most of the last national elections where anti-corruption campaigns were developed to attract voters all over the continent.

Public condemnation started focusing on corrupt officials and social marginalization changed its direction towards players who lack working transparency (Salas, 2016). In most countries today, there is a great sense of social awareness, strongly emerging, against corruption practices. In this sense, citizens continue to play a crucial role by demanding more accountability not only from public institutions and officials but also from big corporations that make most of their profits in their countries without much regulations aimed to control them.

As of today, many citizens witness and hope that after decades of inaction things started to progress across the American region. One example of this is shown by The Global Corruption Barometer which displays that almost 80% believe that ordinary people can make a difference in the fight against corruption through the empowerment of media, individuals, and civil society to report and take action in order to tackle corruption (Transparency International, 2019a). It is important to remark that the combination of increased awareness between public opinion, institutions, and society, together with a tendency towards judicial systems that are more concerned about corruption cases, has as a main result an entire region that positioned transparency issues as one of its biggest challenges towards the development of a more efficient institutional framework for the future to come.

Taking this background into consideration and recognizing not only the importance but also the current timing for institutional transparency in the region, the capstone project aims to develop a critical institutional analysis about the different realities that countries face regarding transparency issues. Today, while there is an evident homogeneous regulatory approach in the Inter-American system towards transparency, the reality between countries is still heterogeneous. In this sense, this project also explores in detail the main causes for these current differences to take place. For this purpose, an original Inter-American Transparency Index among countries is developed through the analysis of different public and private sector variables that were selected according to the level of their regional influence. Next, the 35 countries are divided into four different clusters in order to analyze the most important institutional inequalities and similarities within each group. This cluster technique also allows to understand the institutional reasons that positions each country in a specific group and not in another one.

Report Roadmap

This Capstone Project report initially presents a thorough academic assessment that aims to reflect the current theoretical status of the concept of transparency both in the public and private sectors. In addition, a detailed literature review is developed in order to describe the most relevant academic works already done by different specialists. Furthermore, as already explained, an Inter-American Transparency Index is created followed by the clustering of all the American countries.

This gives the opportunity to understand how the countries of the Americas are positioned in terms of transparency and to examine deeper those same positions, developing an exhaustive cluster analysis, together with four different case country studies, in order to comprehend the most relevant differences and similarities between each group of nations. Moreover, policy recommendations are also developed intended to boost a more transparent institutional ecosystem in the current Inter-American system. Finally, a general conclusion is reached to highlight key concepts and challenges regarding the development of a regional comprehensive system based on the fundamentals of transparency in the public and private sectors.



II. THEORETICAL FRAMEWORK

Transparency in the Public Sector

Following North's definition of "institutions as the rules of a game in a society" (North, 1990), according to this author, institutions must be consistent and durable orders that control the irrationality of the human being. In this sense, Leblang (1996) states that: "nations that protect property rights grow faster than nations that do not protect property rights", institutions ought to protect property rights when pursuing economic wealth. Although at first sight, it has nothing to do with political institutions, one must bear in mind that the type of political regime in place in a certain country, affects inevitably the property right.

Economic institutions are crucial with regards to these issues as, nowadays, both corruption and transparency are complementary to the conceptions and understanding of compliance, enforcement and good governance. The Globalization phenomenon has been pressuring nations to be accountable in all matters relating to economic and trade affairs. Furthermore, this phenomenon has increased the public attention on these issues, stimulating leaders and rulers to move towards more transparent public policies and institutions. (Abed & Gupta, 2002).

The Latin American region as a whole is the most unequal in the world and its redistributive effect achieved through fiscal policy lags behind the effect achieved in OECD countries (OECD, 2017). The objective of fiscal policy should be to pursue equal opportunities, which means ensuring the development of the individual's capabilities so that circumstances such as gender, race, place of origin, or socio-economic and family environment, which are beyond the individual's control, do not impact on the opportunities the individual has or the results of his or her efforts (Roemer, 1998).

In contrast, Paolo Mauro (1995) presents some counterarguments that suggest that corruption could boost the economies; the flow of cash into markets could prevent bureaucracy lags, therefore, this stimulation of the market system could attract more investors. Moreover, the chance of bribery for the state's employees might be seen as an encouragement for working more efficiently; the concept is very straight forward: employees which are involved in corruption practices, because of having incentives, could perform better in their positions.

Transparency in the Private Sector

The private sector is a crucial component of the current global economy. Having increasing participation in domestic and international politics, the influence of corporations is, however, not proportional to the amount of inner information disclosed to stakeholders and the general public (Ardigó & Zúñiga, 2019).

When analyzing the increase of awareness about corporate transparency all over the world, there are two important elements to consider. The first element, described as “external pressure”, addresses the way societies claimed governments for more severe legislation regarding the availability of information after several economic scandals took place in different organizations.

Secondly, the other element makes reference to the way companies started developing more transparent actions as an own initiative. This has to do with the different benefits that transparency brings to private entities, such as stakeholders’ engagement, better sustainable institutional image, and better long-term economic results. To improve company’s and corporations’ levels of transparency nowadays, the concept of “Economic Information” should be introduced, describing the reports delivered by each private entity including annual accounts, sources of financing, strategic plans, budget for next year and investment plans, as the most relevant materials for a company to develop and make public. Moreover, it should be emphasized the importance of an “Audit Report” and the Corporate Social Responsibility (CSR) Report, which concludes stating that the implementation of these tools in a frequent and responsible way, will also tend to reduce corruption together with other important issues such as poverty and prevent tax avoidance from big corporations (Perramon, 2013).

Finally, Bushman et al. (2003) eludes in “What determines Corporate Transparency?” the key elements to consider in order to reach private transparency within a company or organization. They describe the main components of corporate transparency and the five main aspects of corporate reporting (disclosure intensity; financial disclosures; governance disclosures; accounting principles; timeliness of disclosures; and credibility of disclosures). Also, these authors remark the fact that measuring financial and governance transparency will suffer variations depending on the different legal regimes and political economies that a country has today. Therefore, governance transparency will be primarily related to a nation’s legal or judicial institutional context, while financial transparency will be determined by the political economy that governs the country’s reality on a daily basis.



III. INTER-AMERICAN TRANSPARENCY INDEX

After defining and explaining the most relevant concepts that make the institutional context in the Americas, the team continued with the development of its own novel transparency index to deepen the current knowledge about these activities at a regional level.

The methodology behind the Inter-American Transparency Index, originally constructed for this Capstone Project, whose scores are presented below and whose full table (including all the used data and variables) is presented in the appendices 1 and 2, is based on the analysis of relevant variables of transparency for both the public sector and the private sector, within a 0-10 scale. Data on public and private transparency variables for the Americas was obtained from several public datasets, whose descriptions and sources can be consulted in the appendices 3 and 4 and consists of data from the year 2018. The selection of the variables was based on their relevance within each sector. Regarding transparency in the public sector, there were selected nine variables: corruption perception index, control of corruption, voice and accountability, rule of law, government effectiveness, civil liberties, state legitimacy, factionalized elites, and uneven economic development. For transparency in the private sector, there were selected seven variables: financial freedom, regulatory quality, property rights, enforcing contracts, protecting minority investors, paying taxes, strengths of auditing, and reporting standards.

Then, each country has received a score for its transparency in each sector. These sectoral scores consist of the arithmetic average of the variables chosen for each sector. Following this, a final transparency score was calculated for each country. This final score was based on the sectorial scores, weighting the public sector transparency score in a 9/16 ration and the private sector transparency score in a 7/16 ratio. The different weights and proportions of each sectorial score in the final score are consistent with the number of variables for each sector and with the idea that the transparency environment of the private sector is always conditioned by the public sector transparency framework.

Finally, the country's final score allowed the index to be done, where the possible highest score (10) is positioned as the most transparent country and the possible lowest score (0) as the least transparent country.

Results

Country	Public Sector Transparency Score	Private Sector Transparency Score	Inter-American Transparency Index Score	
Canada	8.51	8.02	8.29	1
United States	7.31	7.76	7.51	2
Chile	7.25	7.05	7.16	3
Uruguay	7.51	5.74	6.73	4
St Kitts and Nevis	6.97	5.96	6.53	5
Costa Rica	6.71	5.91	6.36	6
St Lucia	6.63	5.85	6.29	7
Barbados	7.01	5.29	6.26	8
Bahamas	6.66	5.70	6.24	9
St Vincent and the Grenadines	6.73	5.29	6.10	10
Antigua and Barbuda	6.02	5.92	5.98	11
Dominica	6.51	5.28	5.97	12
Jamaica	5.75	5.87	5.80	13
Panama	5.58	5.77	5.66	14
Argentina	5.63	5.20	5.44	15
Grenada	5.60	5.16	5.41	16
Trinidad and Tobago	5.43	5.23	5.34	17
Belize	5.30	5.04	5.19	18
Mexico	4.36	6.14	5.14	19
Colombia	4.33	5.96	5.04	20
Peru	4.19	6.13	5.04	21
El Salvador	4.69	5.40	5.00	22
Guyana	4.92	4.78	4.86	23
Brazil	4.41	5.38	4.84	24
Dominican Republic	4.37	5.13	4.70	25
Suriname	4.85	3.96	4.46	26
Ecuador	4.10	4.86	4.43	27
Paraguay	3.77	5.16	4.38	28
Honduras	3.45	5.10	4.17	29
Guatemala	3.40	4.93	4.07	30
Bolivia	3.60	3.81	3.69	31
Nicaragua	2.81	4.57	3.58	32
Cuba	3.68	2.02	2.95	33
Haiti	2.02	3.46	2.65	34
Venezuela	1.65	2.29	1.93	35

From the Index, we can observe big disparities concerning transparency measures among the countries in the Americas, such as Canada and Venezuela with a 6.36 points difference: while the first is the country that displays the highest score (8.29), the second is the one who displays the lowest score (1.93).

In fact, when adopting a macro vision of the distribution of the countries of the region according to the index, several interesting appreciations arise. Firstly, in general terms, it is worth noting the

mentioned large distance in terms of score between the top performer and the bottom performer. However, it should also be noted that these two countries at the upper and lower extremes deviate from the grouping of data, since both Canada and Venezuela are at a considerable distance from the next country in the index.

Furthermore, it is interesting to examine the predominance of better performance in the public sector or in the private sector. Throughout this report it has been pointed out how the public sector plays an essential role in achieving transparency in both the private and public sectors in a country, the public sector sets the standards and laws that apply to the private sector, therefore it can be expected that the performance of the private sector will be determined or conditioned by the quality of anti-corruption public policies in place in a country's public sector.

In order to better understand what characterizes a country's transparency and how its institutional frameworks play a role in the score obtained by the index, the team divided the countries into subgroups of observation within the index data, creating four clusters through the kmeans technique. The clustering technique and its results will be further demonstrated in the next section.



IV. COUNTRY CLUSTERS

Clustering is a technique for discovering a subgroup of observations inside a dataset. In this case, to create the four country clusters within our Index data, the team supported its analysis through tests conducted in R, using the k-means method.

K-means is a common clustering technique which divides the countries on a standard deviation scale and combines the countries with similar deviations into a group, forming a cluster. Ultimately, it allows the team to identify which observations are alike, categorizing them. Based equally on the index's transparency scores of both the private and public sector, there were four different clusters, which combined the countries of the Americas according to the similarities between them regarding their institutional frameworks. The results are presented below, in the form of a table, and in the Appendix 6, in form of a Cluster plot.

Results

Cluster	Country	Public Sector Transparency Score	Private Sector Transparency Score
A High Transparency	Canada	8.51	8.02
	United States	7.31	7.76
	Chile	7.25	7.05
	Uruguay	7.51	5.74
	St Kitts and Nevis	6.97	5.96
	Costa Rica	6.71	5.91
	St Lucia	6.63	5.85
B Medium High Transparency	Barbados	7.01	5.29
	Bahamas	6.66	5.70
	St Vincent and the Grenadines	6.73	5.29
	Antigua and Barbuda	6.02	5.92
	Dominica	6.51	5.28
	Jamaica	5.75	5.87
	Panama	5.58	5.77
	Argentina	5.63	5.20
	Grenada	5.60	5.16
	Trinidad and Tobago	5.43	5.23
	Belize	5.30	5.04
C Medium Low Transparency	Mexico	4.36	6.14
	Colombia	4.33	5.96
	Peru	4.19	6.13
	El Salvador	4.69	5.40
	Guyana	4.92	4.78
	Brazil	4.41	5.38
	Dominican Republic	4.37	5.13
	Suriname	4.85	3.96
	Ecuador	4.10	4.86
	Paraguay	3.77	5.16
	Honduras	3.45	5.10
	Guatemala	3.40	4.93
	Nicaragua	2.81	4.57
D Low Transparency	Bolivia	3.60	3.81
	Cuba	3.68	2.02
	Haiti	2.02	3.46
	Venezuela	1.65	2.29

From the results obtained with the clustering technique, it is easy to observe the correspondence of each cluster to similar performance scores in terms of transparency on both the public and private sector. In this regard, the cluster A consists of the top performers and, therefore, the countries with higher transparency, while the cluster D consists of the bottom performers and, therefore, the countries with lower transparency. The clusters B and C relate to the countries with a medium level of transparency, being higher for the cluster B than for the C.

When looking closely at the distribution of the public and private sector scores in the index, it is possible to see that, for the clusters A and B, in general, the public sector has usually a better performance than the private sector, presenting better scores. As such, it can be observed that, for these clusters, there is a trend regarding this phenomenon: the public sector has higher scores than the private one. However, this trend changes in the cluster C and D, where, even though with some exceptions, the private sector has mostly a better performance than the public sector. This phenomenon could have to do with what was pointed out in the literature review: the importance of strong and inclusive institutions that have the necessary governance capacities to be able to exercise good practices in terms of transparency and accountability. Likewise, this trend seems to be decisive when it comes to establishing which countries occupy the best positions in the ranking.

It is no coincidence that the countries with the best results in the index enjoy this singularity, of having a higher score in transparency in the public sector than in the private sector.



V. IN-DEPTH CASE ANALYSIS

Once our matrix of institutional variables has been designed to determine the levels of transparency of both the private and public sectors among the OAS member countries, the team proceeded to develop an exhaustive analysis of specific national cases described below. For instance, a representative country from each cluster was chosen to be further analyzed regarding its institutional backgrounds and the differences the countries presented from one cluster to another.

The countries selected were Chile (from the Cluster A), Argentina (from the Cluster B), Ecuador (from the Cluster C) and Haiti (from the Cluster D). These case studies analyses are presented in the next section.

A. High Transparency Cluster

To begin with, the first cluster is composed by the three best-ranked countries regarding the results obtained through the Inter-American Transparency Index. In these regards, Canada, the United States and Chile, when clustered, are considered the most transparent countries in the region. This High Transparency group of countries has certain aspects that are important to remark in order to have a clear image of the top positioned group. Firstly, when analyzing general trends in its member states, we can clearly see high levels of Civil Liberties and the Rule of Law when addressing the public sector. As a consequence, Canada, the USA, and Chile show a strong institutional framework that allows their governments to provide the protection of the most fundamental freedoms and individual rights for their own societies, together with a remarkable quality of enforcement mechanisms that allow

social, economic and political stability in their countries too. Moreover, bigger disparities among the first cluster countries were seen in their uneven economic development and the way their elites are composed. In this regard, although its public sector shows leading positions for transparency issues, Chile still has a lot of work to equilibrate its economic and social development in order to catch up with the United States and Canada. Besides, although the United States already counts with high levels of respected civil and political rights, the country still has several elements to transform regarding the openness of their established elites. When analyzing these countries' private sectors, the team found some general patterns that positions this group at the top of the transparency regional ranking. This first cluster shows a great development of legislative activities that count with the creation of comprehensive policies and regulations that allows and endorses the private sector development; enforcement mechanisms to benefit businesses exercises, and also remarkable fiscal systems that boost the private sector development through tax incentives. However, it is also important to identify the existing disparities between the three-member states when analyzing their judicial systems through the way they work, the time they take and its respective costs they charge for resolving a commercial dispute in each country.

In this first cluster, it is extremely relevant to take the Canadian case as an example to imitate. In this specific country, the results of private and public transparency are remarkably high, promoting a clear horizon to follow for the whole region. However, given several reasons such as the similarities of the political system, the cultural proximity with the rest of the regional countries, and the main characteristics of its economy and society, the team is devoted to deepening its analysis on the Chilean case. Today, the Andean country counts with a great transparent performance affecting not only the institutional development of its nation but also the private sector throughout its territory.



Chile is the world's leading copper producer and, together with other kinds of national exports, its GDP is annually growing on an exponential rate. However, Chile is vulnerable to external volatility in the commodities market due to its high dependency on imported oil and its open economic system. Nonetheless, the country is able to benefit from different free-trade agreements and the Pacific Alliance that constantly boost its economic and financial development (Heritage Foundation, 2018b).

When going deeper into the institutional analysis, the team was able to see some strengths but also a remarkable weakness when addressing the country's public and private sectors. In this sense, concerning levels of economic and social inequalities were identified when comparing them to the other cluster members' current situation. In this sense, according to a report developed by the World Bank (2017), Chile has a better than average economy in Latin America and is considered a "high-income" country in the region. Becoming a stable democracy since the end of the military government back in the 90s, the country has experienced a significant expansion of civil and political rights from that moment onwards (UNHCR, 2018b). After extremists governments of Salvador Allende (1970-1973) and Augusto Pinochet (1973-1990), in 2010 Sebastián Piñera formed the National Renewal Party ratifying Chile's progress in defense of political plurality and institutional stability (Huneus,

2010). With a healthy and democratic transition, the political multiparty system allows different changes of governmental authorities, without having to face many institutional threats. Moreover, the Chilean constitutional order established after the long military government also protected and ensured institutional prosperity through the development of different safeguards such as the development of free and fair Presidential elections every 4 years, the protection of individual and civil rights, and the promotion of gender equality in the public sector, providing a quota for women in the electoral system. Besides, today, indigenous communities are also politically represented in congress with their first two elected leaders in 2017 for the Senate and the Chamber of Deputies (El Mundo, 2017). As a consequence of these institutional guarantees, the Andean country shows an efficient performance in several public areas, for example, in the protection of civil liberties all over the national territory, and in its national elite openness and diversity through the different governmental levels.

Focusing on Chile's private sector, also allowed the team to remark some weaknesses and strengths that positions the nation in the most High Transparency Cluster. With an efficient national regulatory and judicial system, Chile positions itself as one of the most predictable and secure countries in the region for private businesses to be developed. Holding a strong macroeconomic framework, based on a prudent regulatory and supervisory system that governs the financial sector, Chile is a leading case when addressing regulatory capacities (OECD, 2016). Besides, property rights remain intact and respected, and expropriation is a rare phenomenon nowadays. The legislative and judiciary institutions are autonomous, and courts tend to protect property and contractual rights efficiently. This is one the reasons of why Chile also counts with high effective enforcing mechanisms. The Chilean overall regulatory framework facilitates business activity and productivity growth throughout its territory. As a consequence, the country has facilitated the resolution of insolvency by clarifying and simplifying provisions on liquidation and reorganization of the national system, allowing the private sector to reach high levels of international competitiveness standards (Libertad y Desarrollo, 2019). Furthermore, regarding its institutional framework, the Law of Transparency was created to directly address different issues related to developing a more efficient and predictable national system to benefit both, the public and private sectors. In this sense, this law recognizes all people's right of access to public information in the country. This legislation entered into force in April 2009 under the name of the Law of Transparency of Public Function and Access to Information of the State Administration. This novel legislation was divided into two different dimensions. Firstly, in relation to what is known as active transparency, that is, providing the opportunity for citizens to have permanent access to information through the public bodies' websites. Secondly, it also addressed the right to access information. This right refers to the duty of public bodies to receive different requests for information and to immediately provide it (unless there is a reason for secrecy or confidentiality). In turn, this right is also recognized in Article 8 of the Chilean National Constitution. This also shows the constant public effort to achieve sustainable development goals through the implementation of a more transparent institutional system that will work towards achieving the capacities required to boost it (Consejo de Transparencia, 2020).

Finally, a concerning issue comes into the analysis when looking at property rights. In this case, although Chile counts with a clear and predictable legal framework, it is important to remark one of the country's biggest challenges regarding the indigenous rights to land and property. More specifically, the Mapuche Indigenous communities continue raising their voices claiming for their historic rights to property, mostly in the southern region of the country. Translating their fights into street mobilization and public conflicts, this also is seen as a threat by businessmen to settle, invest, and produce in the country. In this sense, the Andean country still needs to find a sustainable method to deal with this issue in a peaceful and fair way while protecting everyone's civil and economic rights at the same time.

B. Medium High Transparency Cluster

The Medium High Transparency Cluster also shows unique characteristics among its fourteen countries, which are: Uruguay, Saint Kitts and Nevis, Costa Rica, Saint Lucia, Barbados, Bahamas, Saint Vincent and the Grenadines, Antigua and Barbuda, Dominica, Jamaica, Panama, Argentina, Grenada, and Trinidad and Tobago. When analyzing the general institutional aspects of these countries, the team was able to see how there are considerable disparities between them, having states with remarkable transparency outcomes while others still have a lot of elements to improve in these regards. The second cluster reunites several countries with unequal average standards regarding the effectiveness of their judicial systems and the degree of corruptive practices taking place in their most important institutions. Moreover, regarding the public sector, these countries (similar to the first cluster already analyzed) show a high level of governmental protection for what is described as civil and individual freedoms. However, when paying attention to the private sector, this second cluster of countries show concerning institutional failures when looking forward to ensuring the proper development of minority investors in their territories. Finally, this group of countries is also characterized by the performance of their regulatory system, making the payment of different types of taxes a crucial element for the development of their current economies.

The Republic of Argentina was the selected case to analyze the various characteristics of countries in this Medium High Transparency Cluster.



Argentina

Argentina is considered the second-largest country in the southern cone. Once one of the world's wealthiest nations, it has vast mineral and agricultural resources and an average educated society, which contrasts with the long history of economic and political instability in the country. Argentina's transparency profile was severely damaged as a consequence of more than 10 years of a corrupted government in power that was finally preceded by former president Mauricio Macri who was able to set a reformist agenda with some interesting results.

When addressing its public sector, Argentina shows a good performance mainly in two different institutional aspects. Firstly, the country counts with a considerable level of respect for civil liberties. In this sense, Argentina shows efficient mechanisms that allow the protection of the most individual, civil, and political rights. With a multiparty political system and a strong legal framework, free and fair elections are held almost every 4 years with a considerable level of alternate in power. Secondly, Argentina also shows different institutional safeguards and guarantees that allow the development of a considerable level of accountability from public institutions. In this regard, in 2017 a long-awaited access to information legislation was passed by the National Congress. Aimed to create an autonomous agency of public information, operating under the executive power, Argentinean citizens are now allowed to request information from most of the state organizations and bodies with the right to have a public response within 15 days. Subsequently, the government started to respect more institutional processes in order to keep their bodies accountable, through the publishing of timely data, holding weekly press conferences and developing different activities to communicate policy objectives to society.

When addressing Argentina's weaknesses in the public sector, the team also identifies corruptive practices in their main institutions in spite of the different safeguards recently developed. Corruption scandals are a common issue in the south American country and numerous members of the political class, including former presidents, have been charged with (or also found guilty) malfeasance in the last years. However, due to the lack of historical institutional guarantees against corruption and still weak anti-corruption bodies, together with the political intervention of the judiciary power, many politicians still hold immunity in Argentina. A clear example is a former president Cristina Fernandez de Kirchner and several government officials from Kirchner's administrations, who continue facing several allegations of corruption related to their last period in government (UNHCR, 2018a). Anyways, Argentina also shows some recent efforts for working against corruption, such as the new legislation known as the 'Law of the Repentant', enacted in December 2016. This new regulation allows citizens who had committed a crime to provide relevant data for the advancement of the investigation in exchange for certain benefits related to their own punishments (Chequeado, 2019). Furthermore, regarding the linkage between private and public sectors and corruptive practices, in 2017 the Law on Criminal Liability of Legal Entities was also passed. In this case, sanctions will now be applied to the crimes of bribery and influence peddling (national and transnational); to negotiations that are incompatible with the exercise of public functions; to concussion cases; to illicit enrichment of officials and employees; and to the submission of false reports and balances. As a novelty, this new legislation also introduced the "Integrity Programs" as a condition for exemption from punishment of the entity and as a requirement for doing businesses with the National State (Vedia, 2018).

Argentina's private sector also shows several positive aspects but concerning issues in crucial areas continue to impede the country's sustainable development. To begin with, Argentina still has a lot of work to do in order to create an efficient system that could protect property rights throughout its territory. Today, a great majority of the country's rural indigenous population still lacks land titles and suffers from forced illegal evictions, mostly in the southern region of the country. Meanwhile, most secured interests in property are also recognized and enforced by public officials, but important institutional failures still remain in patent and regulatory data protection regimes. This is clearly seen in most aspects of the agricultural and technological productive sectors which still are affected by a weak legislative framework that makes them less competitive towards international markets (Heritage Foundation, 2018a). Another concerning issue has to do with the great amount of taxes that the private sector pays when doing business or producing in the country. Argentina's tax burden reaches 37% of GDP and, according to a study by the Argentine Institute of Fiscal Analysis (IARAF), the country also developed the greatest tax increase in the region between 2002 and 2016. Although the last report of the agency indicates that the growth of the tax burden is considered a modest percentage if compared to the OECD countries, at a regional level, it is substantially higher than the average for Latin America and the Caribbean. This can be considered as a negative point that distinguishes Argentina from its cluster's trend towards a more effective fiscal system.

Finally, it is also important to remark the good performance that the national private sector shows regarding the protection of Minority Investors. Investor protection isn't something that Argentina outshines at, but its development is in line with the best American countries in this subject. In this case, the country shows remarkable coordination between the private and public sectors to provide a system that efficiently works in conjunction with security regulations, the company's rules, civil procedure codes, and the corresponding judiciary power. In spite of the fact that Argentina is located in the middle of the analyzed transparency ranking, the great difference that still lies with its neighbors' countries Uruguay and Chile reflects the great path that the national authorities still have to travel in order to improve everything that attends to a greater public and private transparency in the country.

C. Medium Low Transparency Cluster

The third cluster is composed of fourteen countries of the region, consisting of those countries that are located in the third category obtained regarding the results attained through the Inter-American Transparency Index. These countries are located in Central and South America and are the following: Belize, Mexico, Colombia, Peru, El Salvador, Guyana, Brazil, Dominican Republic, Suriname, Ecuador, Paraguay, Honduras, Guatemala and Nicaragua. There are considerable disparities between them with regards to transparency outcomes, however, when looking to the general trends for the countries in this cluster, we can see moderate levels of civil liberties and high fractionalized ruling elites as common denominators to all the countries. Another common factor to the countries located in this cluster is a high perception of corruption coming from its citizens, lack of trust in the public institutions, and generally, a weak institutional environment. These issues are reflected in a general weak or unstable state legitimacy, that is evidenced through constant public demonstrations and mobilizations, complaints and disagreements by different social groups, strong and persistent social movements, these phenomena show a lack of confidence from the population in state institutions and processes.

However, in this cluster, the countries have a good performance related to fiscal policies, having effective taxation systems. With regards to the private sector, this cluster enjoys enabling institutional environments that boost the private sector development, having effective auditing processes and adequate standards for doing business in these countries. Moreover, it is worth noticing as well that these countries have an important demographic denominator, these countries are very diverse in terms of ethnicity, and indigenous groups are an important feature in this characteristic heterogeneity in terms of population. This is important when talking about the quality of the democracy and the institutional environment of the countries since issues arise from the underrepresentation in the institutional arena of these groups of the population. Furthermore, an interesting feature for this cluster seems to be that, countries have a higher score in the transparency for the private sector than in the transparency in the public sector, according to the disaggregation of the Inter-American Transparency Index.



Ecuador

Ecador is chosen as the representative case study for the third cluster. Ecuador is the second smallest South American country and its foreign relations have been marked by a desire for regional integration. In this regard, it is worth noting the creation of the “Banco del Sur”, which was born in the Rio de Janeiro Declaration as a Regional Development Bank, and which has led to the design of new projects, as a regional currency project, which has not materialized, as well as the impetus for creating the Union of Nations of South America (UNASUR), whose headquarters are located in Quito. However, due to its members’ conflicting views on the integrationist issue, Ecuador left UNASUR in April 2019. Also noteworthy is Ecuador’s return (in 2007) to OPEC after 15 years of absence. (ICEX, 2019).

Ecuador also shows different institutional safeguards and guarantees that allow the development of a considerable level of accountability from public institutions in this country, there is a preventive approach in the fight against corruption that is supported and based on public institutions. Ecuador

today counts with different mechanisms for prevention and fighting against corruption. This country enacts anti-corruption as a policy statement of State, with this regard, in 2007 president Correa created the National Anti-Corruption Secretariat, aiming to have a specialized body in the government to tackle this issue in the country. This is reflected in the “control of corruption” variable, where the country achieves relatively good performance compared to the other countries in its cluster. This government body set up the digital transparency portal in 2013, Ecuador also has an online anti-corruption portal, this anti-corruption portal seeks to promote citizen participation, and engage different stakeholders such as academia, public institutions, and civil society, in order to build a culture of transparency from the development of studies and sharing good practices. (Presidencia de la República del Ecuador, n.d.)

Moreover, with reference to the public sector, there has been an improvement in the field of corruption control in the last years, since the following up of the national corruption cases has been carried out regularly, this is the case of the investigations that, in a technical manner, seek to review the so-called cases of corruption with a national connotation. Thus, there are reports on the progress of these investigations with conclusions and recommendations that ended up in the prosecution of the cases, and the strengthening, through certified information and legal contribution to the investigations already opened (Páez Bimos, 2019). This is evidenced through the incorporation in the National Anti-Corruption Secretariat’s website of a space (“Formulario de Alertas de Actos de Corrupción”) for any person who is a citizen or a public servant to notify about acts of corruption anonymously. This mechanism is considered to be good practice for fighting corruption, and it is based on other initiatives developed by Chile (“ChileLeaks”) and Honduras (“Dilo aquí”) (OAS, 2020).

Ecuador’s performance is notably good with respects to enforcing contracts, compared to the other countries in this cluster, however, like the rest of the country in its cluster, the country’s efforts in protecting private property leaves much to be desired since its protection of the private property is much weaker than in most countries in its cluster. As it also happens in Argentina, Ecuador presents big challenges related to the institutional recognition of land tenure and indigenous groups, which is reflected in its poor performance in protecting private property. In Ecuador, there are currently 14 different indigenous groups, representing 1.1 million of national citizens. The constitutional process held between 2007 and 2008 resulted in the recognition in the country’s Constitution of the right to the land of indigenous peoples, despite the fact that the process went through resistance and opposition to the demands of the indigenous movement led by the Confederation of Indigenous Nationalities of Ecuador (CONAIE). Although it can be said that changes were imposed that guaranteed a minimum modification of the political-administrative structure at the national level, it is noteworthy that a specific chapter on the rights of communities, peoples, and nationalities was approved (FAO, n.d.). Moreover, significant improvements have to be made in Ecuador’s fiscal system, which has a weak performance. This illustrates the fiscal contributions that a medium-size business must pay the government in a regular economic year as well as the different administrative regulations for accomplishing with complying with post filling processes. Therefore, such a field denotes tax evasion, and requires institutional attention and joint efforts by the public and private sectors in order to improve Ecuador’s position in the cluster.

With regards to the private sector, the main barriers for doing business in Ecuador are restrictive labor policies, tax rates and incentives, complex regulations, inefficient red tape, and difficulties in accessing financing. Currently, Public-Private Participation (PPP’s) are based on Executive Decree 582 of 2015 which sets out the rules for a “private promoter” to generate projects in strategic sectors and public services, which will be approved by the public promoter. (ICEX, 2019)

D. Low Transparency Cluster

The last cluster is composed of the worst performers according to the cluster elaborated on the base of the Inter-American Transparency Index, the four countries in this cluster are the following: Cuba, Haiti, Bolivia, and Venezuela. This last cluster is varied and unique, due to the characteristics of each of the three countries that make it up. When analyzing the general institutional aspects of these countries, it is noteworthy the weakness of the state legitimacy that these countries have, having the worst performance in the region. There is a lack of trust in the ruling elites and high perception of corruption coming from its citizens, these four countries that make up for the fourth cluster are considered to be “weak democracies”. These countries experience insufficient and impartial judicial systems, experiencing corruptive practices across their most important institutions. Moreover, with regards to the private sector, one of the weaknesses that are common to these four countries is the lack of an institutional environment that protects private property. Overall, the performance of Cuba, Haiti, Bolivia, and Venezuela with regards to transparent practices is insufficient.

Given the unique nature of these countries for the region, these four countries require an isolated analysis, nonetheless, for the purpose of this analysis, Haiti is chosen as the representative case study for the analysis of the third cluster.



Since the end of François Duvalier’s dictatorship in 1986, this country has battled to overcome its long legacy of totalitarianism, violation of human rights, and extreme poverty, in this sense, corruption remains an impediment to transforming this legacy.

When analyzing Haiti, the first question that attracts attention is the negligible value that the country has for the variable of factionalized elites, being the country with the most factionalized elites in the whole region. This denotes the importance and the impact that both Haiti’s colonial history and the recent authoritarianism experience still has to date, Haiti’s state institutions are deeply fragmented along ethnic, class, religion and racial lines. Its marked tradition of slavery, its tumultuous independence, military coup d’état in 1958, foreign interventions as well as the process of configuration of Haiti as a modern state, are factors to be taken into account when analyzing the institutions that are currently in place in the country. The fragmentation of the institutions is determinant for understanding the current situation of the country, and this fragmentation will inevitably impact all the other variables that this analysis contemplates. This is the case for the uneven economic development that the country experiences. For this variable Haiti has a score of 0,8, being this value again the lowest for the whole American region. According to Transparency International (2019b), it should be noted that in the case of Haiti there is no improvement in the time interval from 2003 to 2018, the corruption values compiled by this organization, reveal that the values of corruption do not perceive alterations, but the trend is that they remain stable over time. This is relevant because it evidences the lack of improvement with regards to transparency efforts that the country has made over the last 15 years. Furthermore, Haiti’s HDI for 2018 was 0,50 (World Bank, n.d.), positioning the country in the low human development category, ranking 169 out of 189 countries (UNDP, 2019).

Throughout Haiti's history corruption have always been present nationwide. In this sense, President Moïse came into power at the same time that he was being investigated for corruption. Recently, public demonstrations have demanded the more and better government's accountability regarding the lack of transparency, and as a result of these protests some improvements have been made in the Haitian institutions investigating government corruption: In 2017, Haiti's Senate's Special Commission of Investigation published a report describing fraud activities developed by Haitian officials when receiving \$2 billion in loans from Venezuela's PetroCaribe company, between 2008 and 2016. Moreover, in the same year, 2017, another report was published by the Superior Court of Auditors and Administrative Disputes, evidencing President Moïse's involvement in money laundering practices. (FASS, 2020). However, with regards to the country's performance related to transparency in the private sector, it is worth noticing that Haiti has a good performance with regards to its fiscal system and the enforcement of contracts, enabling opportunities for companies to invest in the private sector. It should also be remarked that, as in the case of Ecuador, Haiti has a higher value in the part of the Inter-American Transparency Index relating to the private sector than to the public sector, indicating better performance in transparency practices in the private sector than in the public sector.

Haiti faces great challenges in terms of its development, the quality of its democracy, its institutional system, the eradication of poverty, and of course, with regards to the fight against corruption, big efforts need to be made in order to address this important issue, however, it is noteworthy the fact that Haiti's last anti-corruption strategy, the 2009-2019 national anti-corruption policy has already come to an end, and the government has not established a new national anticorruption strategy to replace it.



VI. POLICY RECOMMENDATIONS

Taking in consideration the work done until here and the findings discovered through this thorough analysis of transparency in the Americas, there are still some points of improvement countries should consider when addressing the topic. Thus, this present section will recommend some new initiatives and ideas that can be used for future policymaking in the American countries.

As seen in the in-depth analysis section, each representative country had its own way to address transparency to its public and private sector. Although national regulations and plans to fight corruption are crucial for the countries to become more transparent, it's clear that most of the strategies do not consider how its own population sees and understands transparency, which is pivotal for the country's successful achievement of its transparency policies. Therefore, in order to create a more unified front to act towards transparency inside the country's territory, governments should consider as part of its policies, national campaigns that focus on raising awareness of what transparency is, educating the civil population and public officers to understand what is and is not practices of corruption, and how they should avoid and signal its counterparts when a corruptive act is being made. In order to make this job easier for the countries' governments and to have a certain standardized system, a good approach to be adopted would be for the OAS to partner up with its member-states' civil institutions that are committed in the fight for a more transparent world and together plan annual campaigns to disseminate the importance of transparency in the region. For example, the organization can stipulate a month for all the countries to put in place the national campaigns from all countries and make it the Month of Transparency.

Another great tool that has been implemented for the past few years in the American continent is the open-government initiative, which according to OECD (n.d.-c) is an innovative way to bring together the principles of transparency, integrity, accountability and stakeholder participation. Therefore, in order to improve transparency in the public and private sector while the country generates growth and improves effectiveness, we strongly encourage the countries to continue its development to a more digitized government, using technology and data in its favor to its own sustainable development. To facilitate the interaction and exchange of know-how between countries of the region, the OAS could host or arrange seasonal summits with different panels of experts on the topic to exhibit the new trends and how the countries could benefit from it. It would also be a great place for governments delegates to network between themselves and seek partnerships to improve its own strategies in order to better navigate through the transition from an analogic to a more technological government.

Last but not least, bringing together innovation and citizen participation can be the most effective and solid way of not only putting transparency as a government priority, but also make the region become a pioneer on fighting transparency through innovation and technology. One example of an innovative initiative one great initiative that shed a light on transparency, is Mexico's publicprivate partnership

for govtech, between the Unit of Innovation, Behavior and Experimentation and the Ministry of Public Service to implement an innovative usage of behavioral science and data to control corruptive practices (OPSI, n.d.). The proposed summit would also contribute to create a fruitful environment enabling the public and private sector to come up with innovative ideas together to enhance transparency and pursue new paths to become a more digitalized government.



VII. CONCLUSIONS

As we have seen in the Americas, when it comes to addressing the issue of transparency at the regional level, various uniformities can be identified but it is also extremely important to remark the major differences lying as the analysis becomes more accurate and specific.

The Inter-American Transparency Index report provides a literature review to conceptualize and situate us in the concept of transparency, defining the most relevant terms around this same issue. However, the most novelty that this report brings in this field, is the creation of the Inter-American Transparency Index. This new index is developed on the base of a self-elaborated methodology, that allows us to create a ranking based on the performance of the American countries with regards to transparency. Furthermore, the Inter-American Transparency Index enables the clustering of these countries, being able then to go deeper in their analysis to grasp the main differences between these groups of regional countries. Likewise, the in-depth analysis of a representative country of each of the four clusters, gives us the opportunity to understand the institutional dimensions that each cluster presents with regards to the public and private sector. These characteristics of the case studies, far from being generally applicable to all the countries in each cluster, provide a comprehensive and general view to the main features with regards to transparency.

To conclude, it is worth remarking once again the importance of having strong and inclusive institutions. Throughout this report it has been pointed out how the public sector plays an essential role in achieving transparency in both the private and public sectors, as governments and public institutions set the standards and legislations that apply to most businesses. By having strong and inclusive institutions, countries are able to accomplish transparency, engage its citizens and pursue greater public accountability as well as act as enablers for transparency in the private sector.

However, transparency also represents a subjective and abstract matter that is difficult to measure. Consequently, today, there are divergent and varied definitions for this specific term. Hence, it is important to bear in mind that authorities and also the private sectors throughout the world can differ in the understanding and definition of transparency, which inevitably affects the priorities that every

country has with regards to this. Therefore, this is a crucial issue that requires careful consideration and further study, since it directly affects the priorities of each country, what the institutional environment is like, and the decisions that will create or transform policies to address transparency in each country.

One of the main findings that the research involved in this report shows, is related to the remarkable difference in trends existing between clusters. As described before, in the high and medium-high transparency clusters we see how the public sector has a more transparent development and performance. However, in the medium-low and low transparency clusters this phenomenon is reversed: the private sector performs better than the public one with regards to transparency issues. Therefore, the capacities and main characteristics of each country's institutional environment becomes the key aspect to focus in this regard. It comes with no surprises then that the top performance countries, those with the best scores for the InterAmerican Transparency Index, after years working on the development of an inclusive public sector composed by an efficient and transparent institutional ecosystem, perform better than their private sector when addressing transparency nationwide.

It is therefore vitally important for governments in the region to be able to learn from good practices developed by the top performers, good practices with regards to improving transparency are key, since they represent concrete actions and policies that countries can adapt to their singularities. Canada is the first country in the ranking, setting ambitious standards to be followed by the rest of the nations, however, countries in the Americas region can learn a lot from each other. Sharing knowledge and good practices is determinant for the overall improvement of the region with regards to transparency.



VIII. FURTHER RESEARCH

Since this report is limited due to time and space constraints, for further research it would be interesting to make an in-depth analysis for every country of the region as already done for those representing each cluster. In this sense, by analyzing each case, we would have the opportunity to get a more accurate and holistic image of regional singularities together with a richer analysis of each cluster, seeking to achieve a detailed panorama of transparency related elements throughout the Americas.

Another limitation that this report has is reflected in the Inter-American Transparency Index. Its development is aimed to provide a new and innovative way to measure and show the performance of countries in the region with regards to transparency, but it still lacks full capacity of reflecting all the aspects involved that could affect a country's institutional framework. Besides, inevitably, when creating this index, variables are included and excluded at the discretion and perceptions delivered by the Capstone team. In this sense, it is also important to remark that this index can be subjective and illustrates one of the many realities that the American region presents today. It would have also been interesting to further develop the clustering analysis with regards to the full extent and detail of the whole set of variables, which could allow for deeper examination and comparisons of the characteristics of the American countries in terms of their institutional frameworks towards transparency within the public and the private sector. This sets the stage for further research on this index as well.

Last but not least, cultural factors are decisive in this regard since they interfere and shape the conceptualization of transparency and corruption practices in every scenario. Therefore, it would be interesting to deepen the understanding and singularities of this concept, as well as the impact that this issue has on the different countries and the diverse cultures of the region.



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X. APPENDIX 1

Inter-American Transparency Index – Public Sector Variables

Country	CPI	CC	VAE	RL	GE	CL	SL	FE	UED	Public Sector Transparency Score
Canada	8.1	8.75	8.04	8.54	8.43	10	9.3	7.5	7.9	8.51
United States	7.1	7.65	7.08	7.91	8.15	10	7.4	4.2	6.3	7.31
Chile	6.7	7.02	7.11	7.23	7.17	10	7.3	7.8	4.9	7.25
Uruguay	7.0	7.53	7.42	6.20	6.12	10	9.3	7.3	6.7	7.51
St Kitts and Nevis	-	5.91	6.79	6.07	6.10	10	-	-	-	6.97
Costa Rica	5.6	6.10	7.29	5.96	5.76	10	8.2	6.2	5.3	6.71
St Lucia	5.5	6.07	6.72	6.12	5.39	10	-	-	-	6.63
Barbados	6.8	7.82	7.25	5.79	5.85	10	8.1	5.8	5.7	7.01
Bahamas	6.5	7.26	6.59	5.19	6.08	10	7	5.5	5.8	6.66
St Vincent and the Grenadines	5.8	6.54	6.76	5.87	5.39	10	-	-	-	6.73
Antigua and Barbuda	-	5.55	6.24	5.79	4.99	8.3	5.2	6.3	5.80	6.02
Dominica	5.7	6.09	6.62	6.24	4.42	10	-	-	-	6.51
Jamaica	4.4	4.67	6.23	4.53	5.99	8.3	5.8	6.3	5.5	5.75
Panama	3.7	3.87	6.16	4.88	4.96	8.3	7.1	7.8	3.4	5.58
Argentina	4.0	4.83	6.13	4.52	5.05	8.3	5.8	7.2	4.8	5.63
Grenada	5.2	5.75	6.07	5.62	4.49	8.3	5.1	4.4	5.4	5.60
Trinidad and Tobago	4.1	4.37	6.13	4.76	5.38	8.3	6.1	4.4	5.3	5.43
Belize	-	4.72	5.90	3.35	3.81	8.3	5.4	5.7	5.2	5.30
Mexico	2.8	3.27	4.99	3.65	4.69	6.7	4.1	4.6	4.5	4.36
Colombia	3.6	4.40	5.38	4.18	4.83	6.7	4.3	2.4	3.2	4.33
Peru	3.5	3.92	5.47	3.97	4.51	6.7	3.4	3.1	3.2	4.19
El Salvador	3.5	3.82	5.08	3.35	4.11	6.7	5.8	5.7	4.2	4.69
Guyana	3.7	4.55	5.52	4.36	4.46	6.7	5.2	4.9	4.9	4.92
Brazil	3.5	4.16	5.78	4.44	4.11	8.3	3	3.8	2.6	4.41
Dominican Republic	3.0	3.50	5.27	4.21	4.20	6.7	4	3.8	4.7	4.37
Suriname	4.3	4.58	5.63	4.87	3.69	6.7	5.6	4.2	4.1	4.85
Ecuador	3.4	3.88	5.05	3.74	4.48	6.7	4.3	1.8	3.6	4.10
Paraguay	2.9	3.31	5.11	3.92	3.97	6.7	3.2	2.2	2.7	3.77
Honduras	2.9	3.77	3.98	2.95	3.76	5.0	3.1	2.7	2.9	3.45
Guatemala	2.7	3.35	4.32	2.90	3.64	5.0	3.3	2.9	2.5	3.40
Bolivia	2.9	3.75	4.91	2.70	4.36	6.7	3.3	2	1.8	3.60
Nicaragua	2.5	2.87	2.83	2.92	3.40	3.3	1.9	2.9	2.6	2.81
Cuba	4.7	5.33	2.11	4.11	4.51	1.7	2.5	3	5.2	3.68
Haiti	2.0	2.47	3.51	2.94	1.18	3.3	1.2	0.7	0.8	2.02
Venezuela	1.8	2.06	2.17	0.32	1.84	1.7	0.7	1.2	3.1	1.65



APPENDIX 2

Inter-American Transparency Index – Private Sector Variables

Country	FF	RQ	PR	EC	PMI	PT	SAR	Private Sector Transparency Score
Canada	8	8.33	8.75	5.71	7.83	8.81	8.71	8.02
United States	8	8.16	7.93	7.26	6.47	8.41	8.11	7.76
Chile	7	7.69	6.79	6.58	6.00	7.53	7.74	7.05
Uruguay	3	6.00	6.93	5.63	4.33	7.03	7.23	5.74
St Kitts and Nevis	-	6.02	-	6.55	4.83	6.44	-	5.96
Costa Rica	5	5.96	5.48	5.33	4.83	7.80	6.96	5.91
St Lucia	4	5.57	6.79	5.97	5.17	7.57	-	5.85
Barbados	6	6.08	5.14	3.80	3.50	7.19	-	5.29
Bahamas	6	5.30	4.65	5.91	4.33	8.01	-	5.70
St Vincent and the Grenadines	4	5.51	3.67	6.37	5.17	7.03	-	5.29
Antigua and Barbuda	-	5.82	-	6.81	5.17	5.90	-	5.92
Dominica	3	5.16	4.86	5.92	5.17	7.57	-	5.28
Jamaica	5	5.56	6.09	5.19	5.50	6.48	7.25	5.87
Panama	7	5.80	6.09	4.71	5.17	4.67	6.93	5.77
Argentina	6	4.51	4.08	5.57	6.17	4.93	5.14	5.20
Grenada	-	4.41	-	5.93	4.33	5.96	-	5.16
Trinidad and Tobago	5	4.96	5.49	3.56	6.17	5.10	6.31	5.23
Belize	5	3.68	4.21	5.01	4.33	7.99	-	5.04
Mexico	6	5.30	5.86	6.70	5.83	6.67	6.62	6.14
Colombia	7	5.66	6.07	3.43	7.50	5.79	6.31	5.96
Peru	6	6.04	5.69	6.07	6.33	6.54	6.24	6.13
El Salvador	6	4.92	3.73	5.53	3.83	7.73	6.03	5.40
Guyana	3	3.94	4.21	5.79	5.17	6.57	-	4.78
Brazil	5	4.37	5.58	6.60	6.50	3.44	6.15	5.38
Dominican Republic	4	4.85	5.17	4.69	5.67	5.74	5.76	5.13
Suriname	3	3.74	3.97	2.59	3.50	6.94	-	3.96
Ecuador	4	3.22	3.67	5.94	4.67	5.94	6.56	4.86
Paraguay	6	4.75	3.83	5.79	4.17	6.37	5.22	5.16
Honduras	6	4.06	4.43	4.55	4.17	5.17	7.32	5.10
Guatemala	5	4.61	4.04	3.46	3.17	7.03	7.18	4.93
Bolivia	4	3.21	1.90	5.47	4.00	2.16	5.91	3.81
Nicaragua	5	3.63	2.98	5.86	3.50	5.27	5.77	4.57
Cuba	1	2.09	2.97	-	-	-	-	2.02
Haiti	3	2.55	2.51	5.25	2.17	5.76	2.96	3.46
Venezuela	1	0.33	0.52	4.69	2.67	1.54	5.32	2.29



APPENDIX 3

Inter-American Transparency Index – Public Sector Variables – Descriptions and Sources

Variable	Title	Description	Scale	Data Source
Public Sector				
CPI	Corruption Perception Index	This variable ranks nations and territories by their supposed levels of public sector corruption, in accordance to experts and businesspeople .	Original scale with a range from 0 to 100 (where 0 represents a highly corrupt country and 100 a very clean country). Converted to a 0-10 scale.	Corruption Perceptions Index. Transparency International. https://www.transparency.org/cpi2019
CC	Control of Corruption	This variable measures the perceptions of the degree to that public power is applied for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.	Original scale with a range from -2.5 to 2.5. Converted to a 0-10 scale.	The Worldwide Governance Indicators. The World Bank Group. https://info.worldbank.org/governance/wgi
VAE	Voice and Accountability	This variable captures perceptions of the degree to that a nation's citizens are allowed to participate in choosing their government, as well as freedom of expression, freedom of association, and free media. It contains several indicators measuring characteristics of the political process , civil liberties and political rights.	Original scale with a range from -2.5 to 2.5. Converted to a 0-10 scale.	The Worldwide Governance Indicators. The World Bank Group. https://info.worldbank.org/governance/wgi
RL	Rule of Law	This variable includes various indicators which measure perceptions of the degree to that agents have trust in and bear by the rules of society, and the quality of contract enforcement, property rights, the police, and the courts, as well as the probability of crime. These indicators capture the success of a society in creating an environment where fair and predictable rules form the basis for economic and social relations.	Original scale with a range from -2.5 to 2.5. Converted to a 0-10 scale.	The Worldwide Governance Indicators. The World Bank Group. https://info.worldbank.org/governance/wgi
GE	Government Effectiveness	This variable captures perceptions of the quality of public services, the quality of bureaucracy , the quality of the civil service and the level of its independence from political demands , the quality of policy design and implementation, and the reliability of the government's commitment to those policies.	Original scale with a range from -2.5 to 2.5. Converted to a 0-10 scale.	The Worldwide Governance Indicators. The World Bank Group. https://info.worldbank.org/governance/wgi

Variable	Title	Description	Scale	Data Source
Public Sector				
CL	Civil Liberties	This variable measures the civil liberties that permit the freedoms of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.	Scale with a range from 1 to 7 (where 1 is the freest and 7 the least free). Reversed and converted to a 0-10 scale (where 10 is the freest and 0 the least free).	Freedom in the World. Freedom House. https://freedomhouse.org/report/freedom-world
SL	State Legitimacy	This variable considers the representativeness and openness of government and its relationship with its citizens. It considers the population's level of trust in national institutions and procedures, and assesses the impacts where that trust is away, manifested through mass public protests, civil disobedience, or the upsurge of armed insurgencies. It considers openness of government, specifically of governing elites to transparency, accountability and political representation, or inversely the levels of corruption, profiteering, and marginalizing, persecuting, or otherwise excluding opposition factions. It also reflects the capacity of a country to apply basic functions that infer a population's trust in its government and institutions, such as through the capacity to collect taxes.	Original scale with a range from 0 to 10 (being 0 the one with the lowest intensity - the most stable - and 10 the one with the highest intensity - the least stable). Reversed and converted to a 0-10 scale (where 0 is the least stable and 10 the most stable).	Fragile States Index. Fund for Peace. https://fragilestatesindex.org
FE	Factionalized Elites	This variable considers the fragmentation of state institutions regarding ethnic, class, clan, racial or religious lines, as well as and brinkmanship and gridlock between ruling elites, which may undermine the social contract. It measures power struggles, political competition, political transitions, and where elections happens will influence in the reliability of electoral procedures.	Original scale with a range from 0 to 10 (being 0 the one with the lowest intensity - the most stable - and 10 the one with the highest intensity - the least stable). Reversed and converted to a 0-10 scale (where 0 is the least stable and 10 the most stable).	Fragile States Index. Fund for Peace. https://fragilestatesindex.org
UED	Uneven Economic Development	This variable considers inequality within the economy, regardless of the real economic performance. For example, it looks at structural inequality which is based on factions (racial, ethnic, religious, or other) or based on education, economic status, or region (such as urban or rural). Besides, it considers the opportunities for factions to increase their economic status, such as through access to employment, education, or job training such that even if there is economic inequality, to which level it is structural and reinforcing.	Original scale with a range from 0 to 10 (being 0 the one with the lowest intensity - the most stable - and 10 the one with the highest intensity - the least stable). Reversed and converted to a 0-10 scale (where 0 is the least stable and 10 the most stable).	Fragile States Index. Fund for Peace. https://fragilestatesindex.org



APPENDIX 4

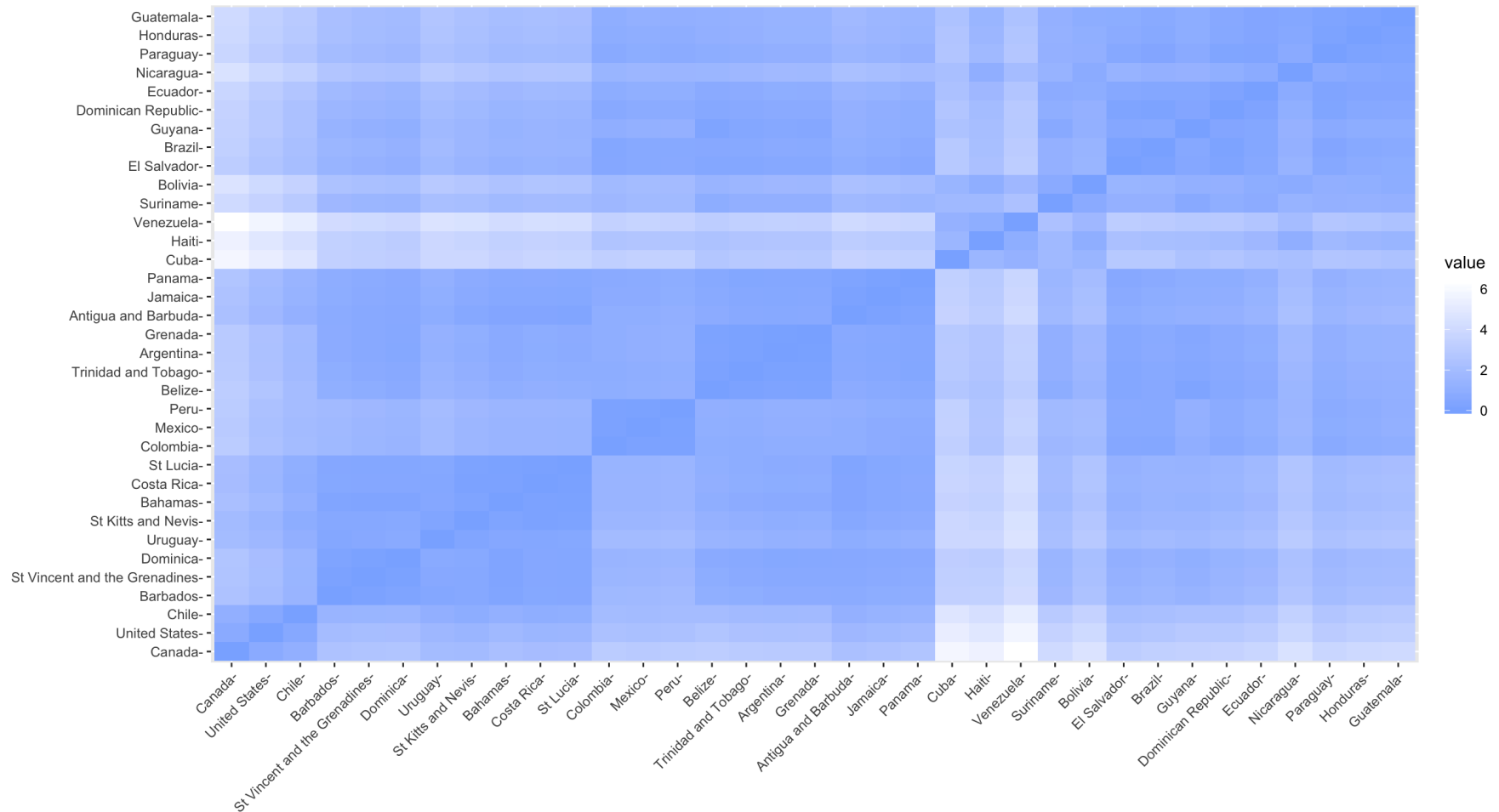
Inter-American Transparency Index – Private Sector Variables – Descriptions and Sources

Variable	Title	Description	Scale	Data Source
Private Sector				
FF	Financial Freedom	This variable captures the openness of a country's banking and financial system through the government regulation of financial services; the state intervention the financial system; the difficulty of opening and operating financial firms (for both citizens and foreigners); and the influence of the government on the allocation of credit.	Original scale with a range from 0 to 100. Converted to a 0-10 scale.	Index of Economic Freedom. Heritage Foundation. https://www.heritage.org/index/explore
RQ	Regulatory Quality	This variable refers to perceptions of the ability of the government to formulate and implement sound policies and regulations that enable and promote private sector development, and the incidence of unfriendly market policies practiced by banks.	Original scale with a range from -2.5 to 2.5. Converted to a 0-10 scale.	The Worldwide Governance Indicators. The World Bank Group. https://info.worldbank.org/governance/wgi
PR	Property Rights	This variable identifies the level of protection on property rights by the country's judicial system, the degree of its government enforcement and the possibility of private property being expropriated. It also analyzes the independence, corruption and transparency level of the judiciary, and the ability of individuals and businesses to enforce contracts.	Original scale with a range from 0 to 100. Converted to a 0-10 scale.	Index of Economic Freedom. Heritage Foundation. https://www.heritage.org/index/explore
EC	Enforcing Contracts	This variable measures the time and cost for resolving a commercial dispute through a first-instance court, and the quality of judicial processes index by evaluating whether the economy has adopted a series of good practices or not.	Original scale with a range from 0 to 100 (where 0 represents the worst regulatory performance and 100 the best one). Converted to a 0-10 scale.	Ease of Doing Business. The World Bank Group. https://www.doingbusiness.org/en/doingbusiness
PMI	Protecting Minority Investors	This variable showcases the protection of minority investors from conflicts of interest. The data originates from a survey which is administered to corporate and securities lawyers in order to assess through the arrangement of their scores for protecting minority investors. The scores are the sum of the extent of conflict of interest regulation index and the extent of shareholder governance index.	Original scale with a range from 0 to 100 (where 0 represents the worst regulatory performance and 100 the best one). Converted to a 0-10 scale.	Ease of Doing Business. The World Bank Group. https://www.doingbusiness.org/en/doingbusiness

Variable	Title	Description	Scale	Data Source
Private Sector				
PT	Paying Taxes	This variable registers the taxes and obligatory contributions a medium-size company have to pay in a given year as well as the administrative burden of paying taxes and contributions and complying with post filing procedures.	Original scale with a range from 0 to 100 (where 0 represents the worst regulatory performance and 100 the best one). Converted to a 0-10 scale.	Ease of Doing Business. The World Bank Group. https://www.doingbusiness.org/en/doingbusiness
SAR	Strengths of Auditing and Reporting Standards	This variable picture the strength of auditing and reporting the countries' standards. The data origins from a survey where the interviewee has to answer, "In your country, how strong are financial auditing and reporting standards?".	Original scale with a range from 1 to 7 (where 1 represents extremely weak and 7 extremely strong). Converted to a 0-10 scale.	The Global Competitiveness Report. World Economic Forum. https://reports.weforum.org/global-competitiveness-report-2018/

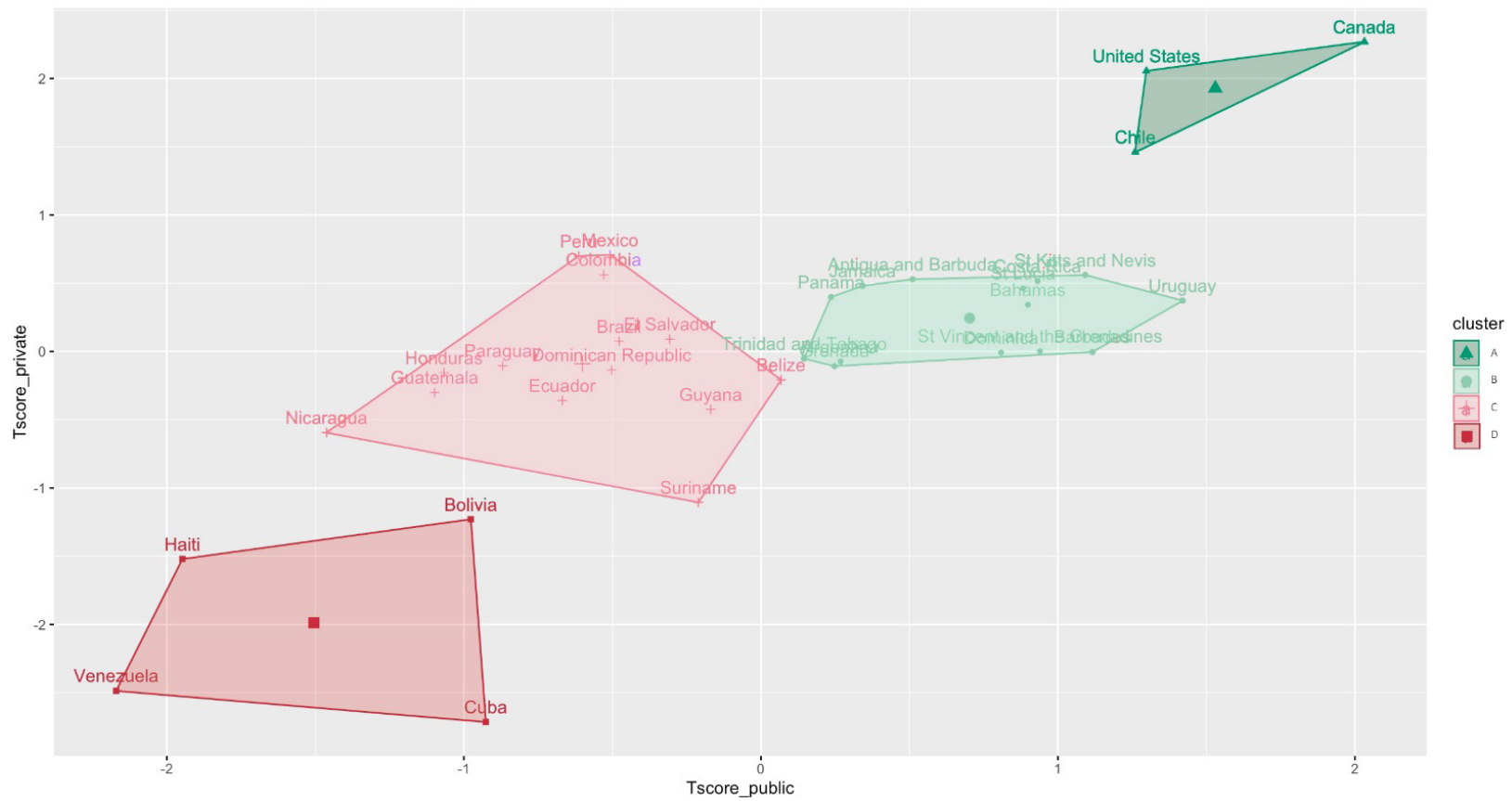
APPENDIX 5

Clustering Distance Matrix



APPENDIX 6

Cluster Plot





APPENDIX 7

Standardized Data and Clusters

Country	Tscore_public	Tscore_private	Cluster
Canada	2.0319175	2.268960353	A
United States	1.2979469	2.054960439	A
Chile	1.2603183	1.460406081	A
Uruguay	1.4195026	0.372128093	B
St Kitts and Nevis	1.0920777	0.559336819	B
Costa Rica	0.9316079	0.515685212	B
St Lucia	0.8833849	0.462620822	B
Barbados	1.116111	-0.002489965	B
Bahamas	0.898859	0.342775826	B
St Vincent and the Grenadines	0.9396998	0.001701256	B
Antigua and Barbuda	0.5104753	0.52828001	B
Dominica	0.8087743	-0.007641645	B
Jamaica	0.3427305	0.479684975	B
Panama	0.23668	0.397406922	B
Argentina	0.268419	-0.072742656	B
Grenada	0.248072	-0.105956182	B
Trinidad and Tobago	0.1458642	-0.051426725	B
Belize	0.0679608	-0.208005016	C
Mexico	-0.5075784	0.707780636	C
Colombia	-0.5290011	0.561240355	C
Peru	-0.6127636	0.698888517	C
El Salvador	-0.3067139	0.090394316	C
Guyana	-0.1687991	-0.423683908	C
Brazil	-0.4772041	0.074724935	C
Dominican Republic	-0.5024946	-0.135331354	C
Suriname	-0.2105068	-1.104854687	C
Ecuador	-0.6684543	-0.359174308	C
Paraguay	-0.869377	-0.104510487	C
Honduras	-1.066857	-0.155253909	C
Guatemala	-1.0981265	-0.300409469	C
Bolivia	-0.9767373	-1.229822656	D
Nicaragua	-1.4623393	-0.594234282	C
Cuba	-0.9261177	-2.714169341	D
Haiti	-1.9471342	-1.521224836	D
Venezuela	-2.1701968	-2.486044142	D



APPENDIX 8

Script (for Clustering)

```
library (tidyverse)
library (FactoMineR)
library (cluster)
library (factoextra)
library (tibble)

df <- IATI_R
df <- na.omit(df)
df <- column_to_rownames(df, var="Country")

df <- scale(df)
head(df)

fviz_nbclust(df, kmeans, method="gap_stat")

distance <- get_dist(df)
fviz_dist(distance, gradient =
list(low="dodgerblue",mid="white"))

k4 <- kmeans (df, 4)
str(k4)
fviz_cluster(k4, data = df)

list_k4 <- k4$cluster
view(list_k4)

print(k4)

list_full <- cbind(df, list_k4)
view(list_full)
```



APPENDIX 9

R Console (for Clustering)

```

> library(readxl)
> IATI_R <- read_excel("Desktop/Inter - American Transparency
Index/IATI_R.xlsx")
> View(IATI_R)
> library(tidyverse)
> library(FactoMineR)
> library(cluster)
> library(factoextra)
> library(tibble)
>
>
> df <- IATI_R
> df <- na.omit(df)
> df <- column_to_rownames(df, var="Country")
>
> df <- scale(df)
> head(df)
      Tscore_public Tscore_private
Canada      2.0319175      2.2689604
United States 1.2979469      2.0549604
Chile        1.2603183      1.4604061
Uruguay      1.4195026      0.3721281
St Kitts and Nevis 1.0920777      0.5593368
Costa Rica    0.9316079      0.5156852
>
> fviz_nbclust(df, kmeans, method="gap_stat")
Clustering k = 1,2,..., K.max (= 10): .. done
Bootstrapping, b = 1,2,..., B (= 100) [one "." per sample]:
..... 50
..... 100
>
> distance <- get_dist(df)
> fviz_dist(distance, gradient =
list(low="dodgerblue",mid="white"))
>
> k4 <- kmeans(df, 4)
> str(k4)
List of 9
 $ cluster      : Named int [1:35] 2 2 2 1 1 1 1 1 1 1 ...
 .. - attr(*, "names")= chr [1:35] "Canada" "United States"
"Chile" "Uruguay" ...
 $ centers      : num [1:4, 1:2] 0.703 1.53      -1.505 -0.601 0.244
...
.. - attr(*, "dimnames")=List of 2
 .. ..$ : chr [1:4] "1" "2" "3" "4"
 .. ..$ : chr [1:2] "Tscore_public" "Tscore_private"
 $ totss       : num 68
 $ withinss    : num [1:4] 3.02 0.73 2.82 5.47
 $ tot.withinss: num 12
 $ betweenss   : num 56
 $ size        : int [1:4] 14 3 4 14
 $ iter         : int 2
 $ ifault       : int 0
 - attr(*, "class")= chr "kmeans"

```

```

> fviz_cluster(k4, data = df)
>
> list_k4 <- k4$cluster
> view(list_k4)
>
> print(k4)
K- means clustering with 4 clusters of sizes 14, 3, 4, 14

Cluster means:
  Tscore_public Tscore_private
1  0.7030184    0.24424020
2  1.5300609    1.92810896
3  -1.5050465   -1.98781524
4  -0.6008754   -0.08945919

Clustering vector:

```

	Canada	United States	
Chile	2	2	
2			
	Uruguay	St Kitts and Nevis	
Costa Rica	1	1	
1			
	St Lucia	Barbados	
Bahamas	1	1	
1			
St Vincent and the Grenadines		Antigua and Barbuda	
Dominica	1	1	
1			
	Jamaica	Pana	ma
Argentina	1	1	
1			
	Grenada	Trinidad and Tobago	
Belize	1		1
4			
	Mexico	Colombia	
Peru	4	4	
4			
	El Salvador	Guyana	
Brazil	4	4	
4			
	Dominican Republic	Suriname	
Ecuador	4	4	
4			
	Paraguay	Honduras	
Guatemala	4	4	
4			
	Bolivia	Nicaragua	
Cuba			

```

3                                3                                4
                                Haiti                               Venezuela
                                3                                    3

Within cluster sum of squares by cluster:
[1] 3.016305 0.729515 2.820217 5.470401
(between_SS / total_SS = 82.3 %)

Available components:

[1] "cluster" "centers" "totss" " " "withinss"
"tot.withinss" "betweenss"
[7] "size" "iter" "ifault"
>
> list_full <- cbind(df, list_k4)
> view(list_full)

```



APPENDIX 10

OAS-IE Fellowship – Project-specific context

Known as the oldest regional institution in the world, the Organization of American States (OAS), is one of the main international institutions working for the protection of basic values related to the defense of important principles such as transparency throughout the Americas. The OAS was originated during the First International Conference of American States, in October 1889 in Washington DC. During this encounter held until April of 1890, the establishment of the International Union of American Republics was approved giving birth to a sequence of future international institutions that was known as the so called 'Inter-American System'. It was then in 1948, when the Organization of American States was officially created through the signing of the OAS Charter, in Bogota, Colombia, taking effect in 1951 (OAS, 2020).

As the first article of its Charter of Origin states, the organization has as main aims to achieve among its member states "an order of peace and justice, to promote their solidarity, to strengthen their collaboration, and to defend their sovereignty, their territorial integrity, and their independence". Considered the main political, juridical, and social governmental forum in the hemisphere, the OAS develops a four-based pillars approach in order to effectively implement its most important activities across the entire continent. In this sense, Democracy, Human Rights, Security and Development interact with each other when promoting political dialogue, cooperation, inclusiveness and legal instruments throughout the continent (OAS, 2020). To advance these goals, the OAS develops a wide variety of activities which provide technical assistance and policy advice to all member states (Meyer, 2018).

Nowadays, the OAS is composed by 35 independent states from the Americas and has granted permanent observer status to another 69 states, including the European Union. Although the organization initially began focusing on promoting democracy all over the continent, addressing borders disputes and security issues, over time it was also able to expand its activities into different areas. As stated in its core principles, having a strong commitment with the elimination of extreme poverty, social justice and social security, and economic cooperation, among others, positions the organization as a key player when trying to expand transparency through the whole continent (Meyer, 2018).

Last November, IE University, one of the most respected academic institutions in Spain and Europe, signed an unprecedented partnership with the Organization of American States. With the main purpose of continuing promoting education and innovation, public policy and human development in the Americas, IE Schools of Global and Public Affairs joined forces with the most important regional institution to identify emerging talent and build the skills of a future generation of public leaders (IE School of Global and Public Affairs, 2020). In this sense, the members of this new "IE-OAS Fellowship" focused to address one of the main issues concerning most of the American countries nowadays while acting as external consultants for the multilateral organization. In order to do so, the Capstone

Project has as main objective to understand and describe the institutional context and its influence on transparency among American countries, identifying similarities between the countries of the region and performing an in-depth analysis of different countries to see how transparency was being conducted by them through their own institutions. Being seriously affected by the consequences of the current pandemic, the team faced an even greater challenge to further develop this capstone project. However, through costly but efficient internal coordination among workgroup members, as well as with OAS and University supervisors, the team managed to achieve the objectives proposed at the beginning of this academic challenge, creating an original index for transparency. Through the development of weekly internal meetings and also working individually from each one's homes (seeking to avoid major health risks), the team was able to successfully overcome the lockdown obstacles in order to finally reach interesting results. Both, Mr. Luis Porto (OAS Supervisor) and Ms. Waya Quiviger (IE Supervisor), showed good availability to follow the development of such project while suggesting specific directions for its improvement. To conclude with, 2019/2020 OAS-IE Fellowship enabled the team to not only acquire precise knowledge related to institutional transparency in the Americas, but also forced them to adapt to the challenges of a changing reality that is preparing a world that will surely present different characteristics from the one that existed when this Fellowship began.

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