

PROGRAM TO SUPPORT THE REFORM OF THE JUSTICE SYSTEM

(ES-0090)

EXECUTIVE SUMMARY

BORROWER: The Republic of El Salvador

EXECUTING AGENCIES: Coordinating and co-executing agency: Technical Executing Unit/Coordinating Commission for the Justice Sector (UTE/CCSJ). Co-executing agencies: the Judicial Branch, the Ministry of Justice, the Attorney General's Office, the Solicitor General's Office, the National Council of the Judiciary, and the Salvadoran Institute for the Protection of Minors.

AMOUNT AND SOURCE: IDB: US\$19.2 million (OC)
US\$3 million (IFF)
Local counterpart funding: US\$5.1 million
Total: US\$27.3 million

FINANCIAL TERMS AND CONDITIONS: Amortization period: 25 years
Disbursement period: 4 years
Interest rate: variable
Grace period: 4 years
Inspection and supervision: 1%
Credit fee: 0.75%

OBJECTIVES: The overall objective is to assist with efforts to modernize and strengthen the justice system with the aim of promoting greater confidence therein by improving legal security, public safety and the effectiveness of the system's institutions.

DESCRIPTION: The program will have the following components:

1. Legal reforms and judicial training and information activities. The object of this component is to support effective implementation of the major legal reforms initiated by the government and second the efforts of the Ministry of Justice and the Judicial Branch to institute additional legal reforms where needed so as to continue with the modernization of justice in El Salvador.
2. Reform of the juvenile justice system. The ISPM will be provided with appropriate infrastructure and a decentralized organization to enable it to

improve the efficiency of its programs aimed at preventing and reducing juvenile delinquency, improving the conditions of inmates in juvenile correctional centers, and contributing to public safety.

3. Institutional strengthening of the justice system. This component is designed to strengthen the planning, administration and information activities of institutions in the justice system.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of January 24, 1995, classified this as a Category II operation.

**RECOGNITION OF
EXPENDITURES:**

Expenses to a maximum of US\$200,000 incurred by the Government of El Salvador prior to approval of the loan in connection with the preparation of the Operating Regulations and the recruitment of a general coordinator and four technical coordinators (local consultants) in the areas of legal reform, minors, planning, and information systems will be recognized in accordance with the Bank's procedures (see paragraph 3.34).

BENEFITS:

As a result of the program, El Salvador will have a more efficient and more reliable justice system, will be able to deal more effectively with the serious problem of juvenile delinquency, and will benefit from improved conditions of public safety.

RISKS:

Successful implementation of the program will require the participation of units of the Judicial Branch, the Executive Branch and the Public Ministry (Attorney General's Office and the Solicitor General's Office), as well as the enactment of laws by the Legislative Assembly. The program's integrated approach is crucial to the improvement of the justice system and requires continuing consensus and cooperation among the various participating agencies. This consensus was demonstrated by word and deed throughout the preparation of the program. The risk lies, therefore, in losing the consensus already achieved. This risk is lessened by the solid record of coordination among the principal institutions in the sector since 1993.

The complexity of the operation entails a risk of delays in its implementation. This has been mitigated through the design of suitable mechanisms for coordination and execution. Moreover, the annual reviews of the program will provide an opportunity to adjust its content and its implementation mechanism

where necessary. Compliance with a series of conditions precedent to the first disbursement will facilitate a rapid start-up of this program.

POVERTY:

Virtually all of the minors who stand to benefit from the justice system reform component are poor. This component accounts for roughly one half of the program's entire cost. The program will also benefit the population of El Salvador in general since it is designed to modernize the justice system. Because of this focus, however, it does not qualify as a poverty-targeted operation.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The program is consistent with the Bank's strategy for the country, insofar as the Bank is committed to supporting the government's efforts to modernize the public sector and consolidate legal and sociopolitical stability. The program is also consistent with the frame of reference for Bank action under projects for modernization of the State and the strengthening of civil society, submitted recently to the Policy Committee of the Board of Executive Directors.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

I. Conditions precedent to the first disbursement

- a. Selection and hiring of a general coordinator (an international expert) (see paragraph 3.10).
- b. An agreement between the borrower and the TEU providing for transfer of the loan and local-counterpart funds (see paragraph 3.2).
- c. Operating Regulations in effect and the signature of agreements between the TEU and the co-executing agencies (see paragraph 3.5).
- d. Bylaws issued under the TEU Charter law (see paragraph 3.7).

II. Other special contractual conditions

- a. Within 180 days from the date of eligibility for disbursement, a specialized firm or agency shall be hired to assist the TEU with the selection, hiring and supervision of individual consultants and provide training so that the unit is able to perform these duties in the years ahead (see paragraph 3.19.b).
- b. Within 90 days from the date of eligibility for disbursement, consultants shall be hired

to prepare the initial public opinion survey for the evaluation of the results of the program (see paragraph 3.27).

- c. Within 90 days from the date of eligibility of the loan for disbursement, it shall be demonstrated that the additional technical staff envisaged for the TEU has been hired (see paragraph 3.11).
- d. A report, to include information on the extent to which the program has been implemented, and a detailed proposal of the work plan and budget for the ensuing year shall be submitted a month before the close of each year of the program. Bank approval of such proposal shall be a condition precedent to disbursements for the ensuing year (see paragraph 3.22).
- e. A performance evaluation shall be submitted at the end of the third year of the program. To this end, one month before the evaluation mission, the TEU shall report to the Bank on the extent to which the goals have been attained and the results of the activities measured in terms of impact indicators (see paragraph 3.25).
- f. An operations plan for the integrated regional center (pilot center), signed on behalf of the Judicial Branch, the Attorney General's Office and the Solicitor General's Office, shall be submitted prior to the bidding on construction of the center (see paragraph 2.23).
- g. A specialized consulting firm shall be hired, prior to start up of the works, to prepare bidding documents, supervise construction, and perform the detailed engineering work relating thereto (see paragraph 3.20).
- h. The loan contract will also contain the Bank's standard clauses with respect to audits, progress reports, inspections, loan evaluation, and procurement.

I. FRAME OF REFERENCE

A. Economic, social and political context

- 1.1 In the wake of the Chapultepec Peace Agreements signed in 1992, the Government of El Salvador committed itself to rebuilding the country. The attainment of peace was a prerequisite to successful implementation of a strategy of reforms aimed at achieving sustainable economic growth with social development. The principal accomplishments of this strategy included: (i) moving from an economy with a highly interventionist bias to a mixed market economy; (ii) economic stabilization; (iii) laying the necessary groundwork for sustained social development; and (iv) commencement of a program of reforms to modernize the State.
- 1.2 Working under stable economic conditions and in the framework of its social development strategy, the government has given priority to poverty alleviation programs, the long-term objective of which is the establishment of a national minimal social safety net to ensure access to basic social services (education, health and sanitation) for the population at large, especially for high-risk groups. The Government is also making significant efforts to modernize the public sector, including structural and institutional reforms, decentralization, privatization, human resource and civil service management, and integrated fiscal and financial management systems. ^{1/}
- 1.3 The commitments assumed under the Peace Agreements include, most notably: (i) demilitarization of the country through a reduction and transformation of the Armed Forces and the demobilization of the Farabundo Martí National Liberation Front and its integration into society; (ii) replacement of the old, military-style police force with a new national civilian police; (iii) reform of the electoral system; and (iv) economic and social agreements and reforms, including, inter alia, the creation of an Economic and Social Forum for Concerted Action [Foro de Concertación Económica y Social] and implementation of a National Reconstruction Plan.
- 1.4 Insofar as the justice system is concerned, the Peace Agreements reflect a profound consensus of Salvadoran society on the importance of the justice system for economic reconstruction and public safety. This consensus has provided the basis for important constitutional reforms: creation of the Judicial Training School of the National Council of the Judiciary with a view to applying the new provisions concerning the appointment of Supreme Court Justices and the terms of their mandate; and reorganization of the Public Ministry, with the establishment of the Office for the

^{1/} These efforts are being supported by the IDB (ES-0036) and the World Bank through a joint financing operation.

Defense of Human Rights. Of particular note are the efforts to provide for effective coordination of institutions in the justice sector through the creation of a Coordinating Commission and a Technical Executing Unit, as well as the international cooperation for bringing the reforms to fruition. Important legislative reforms have also been adopted, especially in the Criminal Code, the Code of Criminal Procedure, and the Family and Juvenile Codes.

- 1.5 In spite of the progress made, there is a realization that the judicial reform is beset by unique complexities, particularly because it is being attempted as part of a process of national reconciliation that poses such challenges as the coming to grips with the fact that not all crimes will be punished and the strengthening of peace and democracy. There are still challenges to surmount in each of the institutions in the justice system, and this creates a need for further international and national cooperation since all of the sector's institutions must work together to raise the level of public confidence in the system.

B. Strategy and role of the Bank's assistance

- 1.6 The objectives of the Bank's strategy for El Salvador, as defined in the programming paper, are: (i) to improve social and economic infrastructure in the country's most backward regions, especially those affected by the conflict; (ii) to support the continuance of economic reforms, the improvement of the investment climate, and the consolidation of an export strategy; (iii) to support the integrated approach to meeting the basic social needs of education and health, the improvement of environmental development, and active involvement by women in the process of national reconstruction; (iv) to provide support for modernization of the public sector and for human-resource development, with due regard to labor-market requirements; and (v) to strengthen government mechanisms designed to ensure active community participation at the local-government level.
- 1.7 In keeping with this strategy, the Bank is committed to supporting the government's efforts to modernize the public sector and playing a dominant role in the program to modernize the sector. The program is also consistent with the frame of reference for Bank action under projects for modernization of the State and the strengthening of civil society, submitted recently for consideration by the Bank's Board of Executive Directors.

C. Experience of judicial institutions in judicial reform programs

- 1.8 Reforms supported by the United States Agency for International Development (USAID). At the start of the 1980s, the government, with the support of USAID, instituted a number of small programs designed to strengthen the justice system, and in early 1984, with

the support of the same agency, two larger projects were launched - the first judicial reform at the beginning of 1984 and the second judicial reform initiated in March 1993.

- 1.9 The first judicial reform began with a budget of roughly US\$10 million and was concluded in June 1993. This was followed up by the second judicial reform, which was started in March 1993 under the direction of a Coordinating Commission for the Justice Sector (CCSJ) ^{2/} and a Technical Executing Unit (TEU), both of which were created to facilitate its implementation. The latter project has a budget of US\$15 million and is scheduled for completion in September 1997.
- 1.10 The principal advances made under the reform projects and the constitutional reforms instituted in 1992 were as follows: (i) new codes and laws (Family Code, Family Procedural Law and Juvenile Delinquency Law) were developed and approved; (ii) criminal codes or laws (Penal Code, Code of Criminal Procedure and Correctional Services Act, and an Administrative Procedures Law) were drafted and submitted to the Legislative Assembly; (iii) amendments to the Code of Civil Procedure and to other organic laws of justice sector institutions (Law Establishing the Attorney General's Office, etc.) were drafted, and a five-year plan for the justice sector for the 1992-1996 period (representing the first concerted effort by the sector's institutions); (iv) activities were conducted to provide information and training on laws and regulations, and steps were taken to create new courts; (v) the curriculum for law school was revised and mass campaigns were mounted to disseminate information on the legal system; (vi) a pilot project examined administrative and statistical follow-up systems in 10 criminal courts; and (vii) training in planning was provided to inter-agency groups (Ministry of Justice, Supreme Court, Solicitor General's Office, Attorney General's Office and National Council of the Judiciary) to improve the system of information and coordination.
- 1.11 In addition, a National Juvenile Aid Policy was adopted, and the Salvadoran Institute for the Protection of Minors was established to deal on a comprehensive basis with the problems of affecting children.
- 1.12 Programs supported by other donors. The UNDP has supported a project to provide information to the public on the new provisions of the criminal code, especially to the members of the Legislative Assembly and bar associations. It is also providing support for a training program for prosecutors on criminal investigation techniques and a training program for public defenders and judges in

^{2/} The CCSJ consisted of the President of the Supreme Court, the Solicitor General, the Attorney General, and the Minister of Justice.

the area of human rights. Another UNDP-assisted program is evaluating the Judicial Training School.

- 1.13 With respect to minors, UNICEF initiated a program in 1993 to improve the lot of juveniles in especially difficult circumstances. The Italian Cooperation Agency has provided assistance to the ISPM under a public sanitation subprogram.
- 1.14 The World Bank is funding a project to reorganize the registry of land ownership in the country and is considering the possibility of financing the modernization of the Registry of Commerce (both these registries are administered by the Ministry of Justice), and is also extending technical assistance to the Central Bank for the modernization of administrative procedures and a review of the country's financial legislation, currently covered by the Code of Commerce. A number of bilateral donors and United Nations agencies, particularly the United Nations Mission for El Salvador, UNDP, and UNICEF, have provided financial and technical assistance for the functioning and development of the Human Rights Office.

D. Lessons learned from past experience

- 1.15 In all of the foregoing experiences with judicial reform supported by USAID and other agencies, sector coordination was key to the success of the projects. The creation of a Coordinating Commission consisting of representatives of justice sector institutions and the establishment of a Technical Executing Unit in charge of implementation and oversight of the activities served as a basis for successful implementation of operations in the past. Accordingly, both institutions will be integrated as essential components into the program proposed herein.
- 1.16 Not only achievements are important. The institutional problems and shortcomings encountered in the course of conducting projects are elements that will serve as a basis for possible remedial actions and adjustments to the program. The USAID-funded projects constituted the first major international assistance program for the justice sector. This program required the help of an international consulting firm to administer a significant share of its components in conjunction with TEU and institutions in the sector. This procedure, while successful for the project, did not result in as broad a transfer of experience as was hoped in the areas of project planning and implementation. A number of significant problems continue to hamper institutions in the sector at the organizational (planning and coordination), administrative (management, organizational structure), and regulatory (laws and bylaws) levels, and at a technical level (statistical, registration and control systems, infrastructural weaknesses).

E. Areas targeted for Bank assistance

- 1.17 El Salvador wishes to modernize and strengthen its justice system so as to improve legal security and public safety and to heighten public confidence in the system. Three areas of priority have been identified: consolidation and expansion of the legal reforms in progress; collaboration with institutions in the judicial system to enable them to apply innovative approaches to juvenile delinquency; and strengthening the planning and management capabilities of institutions in the judicial system.
- 1.18 The country has made headway towards modernizing a legal system that needs to be consolidated and extended to other significant areas of national social and economic development. Training and information activities are needed with respect to the new criminal code developed with the support of USAID so that the new legislation may be put into practice. In addition, three priority areas have been identified for further legislative reform: commercial law, administrative law, and legislation on alternative dispute-settlement procedures.
- 1.19 The regulations in the field of business are considered out-of-date in terms of current international trends (globalization, opening up of markets, decentralization, privatization, new contractual arrangements, economic integration, etc.). Those in the administrative area also suffer from serious shortcomings: most government institutions lack a set of internal rules to govern their activities and, as to the filing of administrative appeals, there is no unanimity as to the levels of jurisdiction to which the subject of an administrative decision may turn to claim his legal or constitutional rights. The only available judicial forum that hears cases involving administrative disputes is a division of the Supreme Court. Finally, the legislation governing the settlement of disputes by arbitration, mediation or conciliation needs to be updated. These alternative mechanisms are used very little, and the staff that applies them is short on training.
- 1.20 The second priority action area has to do with juvenile delinquency, which has a major impact on public safety and, accordingly, on the public perception of the judicial system. Statistics reveal a significant increase in the number of youth gangs, known as "maras", and public opinion surveys, the latest of which was taken in June 1995, point to violence and crime as one of the country's most serious problems - the most serious, in fact, if drug-related

violence is included. ^{3/} A combination of legal reform (Juvenile Delinquency Law) and investments in the rehabilitation of internment centers and technical education programs is needed to deal with the problem of juvenile delinquency in an appropriate and modern legal framework. Efforts to save delinquents and return them to society, together with the application of the new Criminal Code and Code of Criminal Procedure, which have an important bearing on the question of delinquency in general, would be effective ways of contributing to public safety.

- 1.21 The third priority area is institutional strengthening, especially with respect to planning, management, and information; formulation of sector-wide, civil and criminal policies; improvement of organizational structures and management methods; development of information systems; and the application of new criteria geared to interagency cooperation. Given the number and variety of challenges facing the sector, many of which can only be resolved through medium- and long-term actions and strategies, and the likelihood that new problems will arise as the justice system is adapted to the dynamic of social change, one of the top priorities for the sector is to develop its capabilities for coordinated and systematic strategic planning. ^{4/} Furthermore, except for the Judicial Branch the institutions in the sector have no management information systems in place or appropriate resources for collecting and processing the copious body of information needed to accomplish their mission.

^{3/} CID/Gallup Central America Survey: Opinión Pública, El Salvador, No. 23, June 1995. Juvenile delinquency is a complex problem influenced by various factors: 47% of the population is under 18 years of age; the past decade saw an internal migration of more than one half million people, 50% of whom were in this age group, and approximately 4,000 of them lost a parent in the war; during this period more than 750,000 citizens left the country, entrusting their children to the care of relatives.

^{4/} With the exception of the ISPM, all of the program's beneficiary agencies have planning units, most of them created recently under second judicial reform project. Generally speaking, however, the primary and virtually sole purpose of these units, which suffer from major weaknesses, is to prepare and monitor the agency's budget.

II. THE PROGRAM

A. Objective, purposes and participating and beneficiary institutions

- 2.1 The overall objective of the program is to contribute to the country's efforts to modernize and strengthen the justice system with the aim of promoting greater confidence therein by improving legal security, public safety and the effectiveness of legal institutions.
- 2.2 The program will have the following goals: (i) to support the implementation of the legal reforms initiated by the government and encourage new initiatives where needed; (ii) to strengthen the ability of the justice system and the ISPM to cope with the problems of juvenile delinquency and at-risk youth, thereby contributing to public safety and bringing these young people back into society; and (iii) to support the institutional strengthening of the justice system through the development of an integrated planning system, an information system, and new forms of interagency cooperation.
- 2.3 Six public institutions will operate under the program in pursuit of its objectives: the Judicial Power or Branch ("Órgano Judicial") the Ministry of Justice, the Attorney General's Office, the Solicitor General's Office, the National Council of the Judiciary, and the Salvadoran Institute for the Protection of Minors [Instituto Salvadoreño de Protección al Menor] (ISPM). The National Civilian Police will also participate (through the training programs on minors, i.e. the role of the police and the proper treatment of minors), as will the Office for the Defense of Human Rights. The functions of each of these institutions are described briefly in the Annexes.

B. Components

- 2.4 The program consists of the following components (the specific activities and the indicators of each component are set out in detail in Annexes I, II and III):
 1. First component: Legal reforms and judicial training and information activities (US\$960,000)
- 2.5 This component will provide support for the legal reforms initiated by the government and particularly for the Ministry of Justice and the Judicial Branch in their efforts to promote new initiatives in underserved areas. Its subcomponents are described in the following paragraphs.
- 2.6 Support for the implementation of penal reforms in progress (US\$240,000). Will entail the preparation and implementation of a

training plan on criminal matters for attorneys, especially trial lawyers, who were not covered in the second judicial reform program. The training will be offered by the Judicial Training School, which is operated by the National Council of the Judiciary. The component will also include funding for the Ministry of Justice to cover the costs of disseminating information on the new criminal and correctional services legislation and of an annotated and indexed edition of the Juvenile Delinquency Act, as well as of educational campaigns to inform the public of their rights and responsibilities under the new legislation.

- 2.7 Commercial law. In step with the program proposed herein is another program, which is being prepared for consideration by the Multilateral Investment Fund (MIF) since it is consistent with the Fund's objective of financing "advisory services...which may involve advice on reforming investment laws (and) ... commercial laws ... as well as advice on implementing those laws..." 5/ This parallel program will call for a comprehensive analysis of commerce, covering both its legal and economic aspects. The private sector will be fully involved in the assessment and the subsequent drafting of commercial legislation (i.e. FUSADES and the Association of Business and Industry). Information will be disseminated on the legislation that is passed and training programs based on the new commercial legislation will be offered.
- 2.8 Administrative legislation (US\$520,000). Support will be extended to the Ministry of Justice for a review of the draft of the Code of Administrative Procedure and, in conjunction with the Judicial Branch, a review of the Law on Contentious Jurisdiction in Administrative Disputes, which may be expanded to cover matters not presently within its purview (especially in the areas of taxation and acquisition of property). In the case of both laws, the funding will cover technical assistance to the Legislative Assembly to facilitate their enactment, dissemination of information on the legislation approved, and training programs on the new legislation. In order to expand the jurisdictional facilities for administrative disputes, which at present can be aired in only one forum, the Supreme Court, funding will be provided for a pilot project to design three regional lower courts for administrative disputes. In this project, the Bank will finance the technical assistance and the Judicial Branch will finance the other costs with funds of its own.
- 2.9 Legislation on alternative dispute-settlement methods (US\$200,000). Funds will be provided to develop and conduct training programs in conciliation techniques for family- and juvenile-court judges, for ISPM staff, and for law students, that would be offered at a school of law as a pilot project. This subcomponent will be complemented

5/ Agreement Establishing the Multilateral Investment Fund, article III, section 2, paragraph (c).

in the field of business by a project to be financed by the MIF in cooperation with the Salvadoran Association of Business and Industry. The purpose of this project will be to expedite the settlement of business disputes through arbitration and conciliation. It will also include the reform of legislation in this field, support for an arbitration center and training for the private sector, justices of the peace and labor judges in conciliation and arbitration techniques.

2. Second component: Reform of the juvenile justice system
(US\$8.8 million)

- 2.10 This component is designed to provide the ISPM with the necessary infrastructure and a decentralized organization to enable it to improve the efficiency of the Institute's programs, with a view to preventing juvenile delinquency and improving the conditions of inmates in juvenile correctional centers. In particular, it is designed to promote innovative programs and new approaches to the prevention and treatment of juvenile delinquency by the justice system, in keeping with the reforms initiated in the sector. The component consists of the subcomponents outlined below:
- 2.11 Rehabilitation of the infrastructure of existing juvenile centers (US\$1 million). The ISPM is responsible for the administration of the juvenile detention centers, which fail to satisfy present-day needs and requirements. The program calls for remodeling the El Espino and Rosa Virginia Pelletier Centers and the Tonacatepeque Juvenile Reeducation Center. Preliminary architectural designs, together with cost estimates are already available for these jobs. 6/
- 2.12 Establishment of three ISPM regional offices and construction of three detention centers (US\$2.5 million). With the aim of promoting the decentralization of the ISPM and thereby making its facilities more accessible and improving the quality of the services it provides, this component will finance the construction of ISPM regional offices in a low-income area of San Salvador and in Santa Ana and San Miguel. In addition, a lock-up will be built at each of these facilities, and funding will be provided as well for the purchase of communications and transport equipment. The lock-up facilities are required pursuant to the Juvenile Delinquency Act, in accordance with international standards (U.N. Convention on the Rights of the Child) and the most recent developments in children's rights. The law stipulates that when a minor is deprived of liberty by an order of the court, the judge will order that the minor be held for a preliminary evaluation by specialists, which evaluation shall be submitted to the judge

6/ These centers at present have a population of approximately 1,100 juveniles, approximately 200 of whom are girls. The inmates range in age from 12 to 18 years.

within 72 hours (article 53, Juvenile Delinquency Act). At the present time, without detention facilities, minors are being held in harsh and unsuitable conditions while the preliminary evaluation is performed. This reform is a major step forward in the protection of the rights of the Child in El Salvador since the lock-ups will not be administered under the prison system or by the police but by the ISPM. Preliminary architectural designs are available for all of these installations.

2.13 Strengthening of prevention and social rehabilitation programs (US\$1.4 million). The ISPM will receive support for innovative programs designed to rehabilitate children and youths under 18 years of age and keep them from facing circumstances involving threats or violations of their rights. This subcomponent will entail the following activities:

- a. Minors at risk under retraining and juvenile inmates pending released (US\$800,000). The Bank seeks to encourage inter-agency cooperation on prevention and rehabilitation programs with funding for training grants in such specializations as automotive mechanics, industrial machinery repairs, etc. The grants will cover the cost of workshops, uniforms and transportation. The training will be offered by the Instituto Tecnológico Centroamericano [Central American Technological Institute] and similar institutions, e.g. the Salesian Fundación Don Bosco, which has extensive experience in this field. This activity will be coordinated by the ISPM with the institutions that would provide this type of training. The financing under this component would cover approximately 1,750 three-month training grants in the such areas as those indicated above, for at-risk minors; and the expansion, from 30 people to 150, of a small ISPM program to facilitate the final stages of rehabilitation for juvenile inmates in process of being released. During the transitional period, these youngsters will attend training courses conducted by nongovernmental organizations.
- b. Youth gangs (maras) (US\$540,000). Support will be provided to the ISPM for programs to reduce the problems of gangs of juvenile delinquents (violence, drug addiction, and delinquency). Funding will be made available for vocational training and social education programs designed to draw these youths away from such groups and facilitate their return to society. NGOs already working with local governments and community groups active in this field will be used to conduct this activity.
- c. Community (US\$60,000). The Bank will finance the training of promoters to offer courses on the problems of minors and the role of the community in seeking solutions for local governments, community organizations, single mothers, and members of youth gangs. It will also finance the purchase of teaching

materials needed for the purpose. The ISPM will coordinate this program with NGOs, local governments and community groups.

2.14 Support for programs of institutionalized care (US\$2.8 million). The Bank will support a new approach in the following activities currently being conducted by the ISPM:

- a. Detoxification of inmates (US\$500,000). It is estimated that a high percentage of the youths entering juvenile detention centers are addicted to drugs and/or alcohol. The juvenile system has no specialized treatment facilities for problems of this kind. This subcomponent will support a diagnostic study to determine the level of drug use among the prison population. Based on the findings, the ISPM will design a prevention and treatment program. As part of this effort, support will be provided for the establishment of four detoxification clinics at existing detention centers. The financing will be used for the diagnostic study, training, adjustments to infrastructure at the existing centers, and procurement of equipment and medications.
- b. Diversification and equipping of training and production work-shops (US\$2.1 million). The purpose of this activity is to provide for modernization of the technical-vocational training program so as to offer the juvenile inmates a type of training directed more to the technical labor market than to the cottage-industry type of activity. This subprogram will assist the ISPM with the construction of five small technical training centers and the remodeling of four shops in the rehabilitation centers which are under the administration of that institute. Technical support will be made available for training programs in a number of technical areas (automotive mechanics, computers, electricity and electronics, industrial sewing, and electric fusion welding).
- c. Strengthening of programs to prevent and reduce domestic violence (US\$200,000). The ISPM will receive assistance for the establishment of a temporary refuge in San Salvador to shelter victims of domestic violence who, given the nature of the case, cannot be returned immediately to their family, and for the purchase of communications and transport equipment for moving these victims to places where they can receive the proper care. Funds will also be provided to train new multi-disciplinary teams in treating such victims.

2.15 Establishment of a special fund to support innovative initiatives of NGOs (US\$500,000). Innovative initiatives in this field emanating from NGOs will be encouraged by means of a program to provide seed-money grants for getting them under way. Such grants will not exceed the equivalent of US\$25,000 per project, with funding for up to one year. Moreover, the funds provided may not be used to subsidize the expense of operating existing programs.

These funds will be awarded by the TEU, in conjunction with the ISPM, on the basis of formal competitions that have been advertized. Twenty grants are expected to be awarded during the program.

- 2.16 Establishment of a training program for the administrators of the juvenile justice system (US\$650,000). The Bank will assist the ISPM and the National Council of the Judiciary with a training and continuing-education program on the application of the new Juvenile Delinquency Law, which will be offered to all employees of the justice system and the ISPM responsible for applying the new legislation. Courses for trainers will also be offered in the workplace and will serve as technical support and follow-up for the courses previously cited. It is anticipated that some 4,000 staff members will be trained during the program.
- 2.17 The program will include training for justices, lower-court judges, justices of the peace, prosecutors and juvenile court solicitors, enforcement court solicitors, and human rights courts solicitors; training for multidisciplinary teams from the Judicial Branch, established under the new legislation to conduct evaluation and prevention programs and assist in applying the law in juvenile courts and enforcement courts; for legal assistants and the clerks of juvenile courts; enforcement courts, lower courts, for personnel of the National Civilian Police force and professors of the National Academy of Public Safety, on the application of the new law; and for staff of the ISPM (Divisions of Institutionalized Care and Prevention).
3. Third component: Strengthening of the co-executing institutions in the areas of planning and information systems (US\$6.5 million)
- 2.18 This component will strengthen the planning function of the institutions that make up the justice system and of their information and management systems. It consists of the following subcomponents:
- 2.19 Strengthening of the planning units of judicial institutions and of the ISPM (US\$1.8 million). Includes the financing of technical assistance for: (i) the development of statistical systems and performance indicators; (ii) the performance of research and development functions as ongoing activities; (iii) the establishment of planning and programming methods; (iv) the strengthening of financial planning systems and monitoring of budgetary performance; (v) improvement of human-resource administration systems; and (vi) design and implementation of training programs for executive and technical staff to stress the importance of short- and long-term planning in the operation of the institutions.
- 2.20 Purchase of the pertinent equipment will be financed for all of the planning units. The Bank will also finance the hiring of professional staff for a period of one year to serve in the planning departments of the Attorney General's Office, recently set up, the Ministry of Justice, given the leadership role accorded to it by

law in matters pertaining to the formulation of policies for the justice system, and the ISPM, which at present has no planning department.

- 2.21 Development of an integrated criminal-justice policy (US\$230,000). Designing and developing a comprehensive criminal-justice policy is part of the integrated-planning approach which this component seeks to apply and represents an important step toward the improvement of public safety. The country has no true integrated criminal-justice policy or effective mechanisms or instruments for collecting and analyzing information on crime. The purpose of this subcomponent is to help the Ministry of Justice design an integrated criminal justice policy that permits more effective action against delinquency and at the same time respects the rights of citizens. The plan is to attain this objective by assessing the current situation, designing a plan for an integrated criminal-justice policy and preparing and implementing a training program for officials from the criminal-justice institutions involved.
- 2.22 The country also lacks a correctional services policy. Accordingly, this subcomponent will provide funds for updating various diagnostic studies of penitentiaries, discussing and disseminating their findings, and identifying needs, priorities and prospective actions in the sector.
- 2.23 Development of an integrated regional justice center (US\$870,000). In keeping with the comprehensive aims for the sector, discussed above, and with a view to implementing, on a trial basis, a sector planning and interagency coordination model, the program will assist the Judicial Branch, the Attorney General's Office, and the Solicitor General's Office in developing integrated regional justice centers providing adequate physical space for judges, solicitors and prosecutors. This subcomponent will finance the construction of a pilot center, the procurement of equipment, the evaluation of the center's performance, and the design of adjustments thereto. Approval of a plan of operations for the pilot center, signed by the three institutions involved, will be a condition precedent to any bidding on its construction.
- 2.24 Development of information systems in judicial institutions (US\$3.6 million). The general objective here is to achieve a substantial improvement in the operation of the principal institutions in the country's justice system, by systematizing and automating the information they handle in the performance of their functions. Specifically, the component will seek to modernize the institutional management and automation of such data so as to enhance its quality, reliability, accessibility, availability and use as well as to ensure its proper storage and security.
- 2.25 Also included are actions directed to the formulation of an information-management policy for the justice system and the ISPM to ensure optimal use of the data and facilitate communication

among the agencies in the sector. To this end, a diagnostic study of the present situation in terms of information processes and requirements will be made; a plan of action will be drawn up to correct shortcomings noted; an orderly arrangement of the information in each organization will be developed, with due regard to the potential legal ramifications of possible new ways of using the data; and the institutional information-management capabilities will be strengthened to ensure the continuity and sustainability of the program as envisaged. To this end, performance of the diagnostic study mentioned above will constitute a condition precedent to procurement of the equipment called for in the program.

- 2.26 This subcomponent will result in a reorganization and strengthening of the information-management units of the justice system institutions and of the ISPM, the formulation of information-management policies and implementation of information systems, the installation of hardware, database and communications infrastructure, and the training of information-management and user personnel. Consulting firms will be hired to assist the institutions in designing and implementing the systems with the financing.

4. Construction supervision and specialized agency (US\$510,000)

- 2.27 In addition to the costs directly ascribable to the components discussed above, US\$210,000 have been earmarked for supervision of the civil works and US\$300,000 for a firm of specialists to assist with the selection of consultants.

C. Cost and financing

- 2.28 Cost. The total cost of the program has been estimated at the equivalent of US\$27.3 million, of which US\$22.2 million will be financed from the ordinary capital and US\$5.1 million with local counterpart funding. For Component 2. "Reform of the juvenile justice system," it is proposed that IFF resources be used to cover up to five percentage points of the interest rate on US\$3 million that would be financed out of the ordinary capital, considering that: (i) El Salvador is eligible for the IFF in accordance with the Eighth General Increase in the Resources of the Bank (Documents AB-1704 and FN-263-8); (ii) El Salvador is undergoing a pacification process in the wake of a 10-year armed conflict that devastated the country; (iii) by reason of conditions prevailing in the country, most of the beneficiaries of the "Minors" component are poor; and (iv) the aforementioned component will foster the rehabilitation of juvenile delinquents.
- 2.29 Financing. The terms and conditions of the Bank's financing would be as follows: amount, US\$22.2 million; terms, disbursement period of four years, grace period of four years, amortization period of 25 years; interest rate, variable; credit fee, 0.75% per annum on the undisbursed balance; and inspection and supervision fee, 1% of the loan amount.

TOTAL COST AND FINANCING OF THE PROGRAM (thousands of US\$)					
	IDB/OC	IDB/IFF	LOCAL	TOTAL	%
1. Admin & eval.	1,300		800	2,100	7.7
1.1 Admin.	1,200		800	2,000	7.4
1.2 Evaluation	100			100	0.3
2. Direct costs	11,330	3,000	2,470	16,800	61.4
2.1 Works & equipment	3,520	2,000	1,170	6,690	25.3
2.1.3 Supervision	170	0	40	210	0.8
2.2 Reforms	860	0	100	960	3.2
2.3 Minors	1,600	1,000	400	3,000	10.9
2.4 Strengthening of planning	4,880	0	760	5,640	20.3
2.5 Spec. agcy.	300			300	1.1
Subtotal	12,630	3,000	3,270	18,900	68.7
3. Recurrent costs	0	0	1,620	1,620	5.9
Subtotal	12,630	3,000	4,890	20,520	75.1
4. Unallocated	2,800			2,800	10.3
5. Fin. costs	3,770		210	3,980	14.7
5.1 Interest	3,548			3,548	13.2
5.2 Credit fee			210	210	0.8
5.3 Insp. & supervision	222			222	0.8
TOTALS	18,200	3,000	5,160	27,360	100.0
Percentages	70.0	11.0	19.0	100.0	

- 2.30 Local contribution. The local counterpart is estimated at the equivalent of US\$5.1 million (19% of the total). The amounts corresponding to the TEU and the co-executing agencies will be appropriated annually out of the National Budget.
- 2.31 Breakdown of costs by investment. Administration and supervision (US\$2.1 million). This amount is allocated as follows: (i) US\$1.1 million for the staff of the Program's Coordinating Unit; (ii) US\$100,000 for the support staff for the executing units; (iii) US\$400,000 for external support services (annual surveys of the program), external auditing, strengthening of the TEU, and consultancies; (iv) US\$100,000 for materials, office equipment, and a vehicle; (v) US\$300,000 for costs of administration, dissemination, possible staff compensation, installation and transportation expenses of the international coordinator, and other minor expenses; and (vi) US\$100,000 for the mid-term review of the program.
- 2.32 Direct costs (US\$16,800,000). The amount allocated to this item accounts for 61% of the cost of the program and breaks down as follows (these costs are itemized in documents available in the technical files).

DIRECT COSTS, BY COMPONENT (item 2 of preceding table) (in US\$000s) 2/				
	ISM/OC/ITF	Local	Total	%
A. Legal reforms	860	100	960	5.9
B. Juvenile justice system	7,300	1,580	8,880	52.8
C. Strengthening of planning and information systems	5,700	760	6,460	38.4
D. Works supervision and specialized agency	470	30	500	2.8
Total direct costs	14,330	2,470	16,800	100.0

2.33 In reckoning the construction and rehabilitation costs, 5% was added to cover the preparation of the final designs.

2.34 Recurrent costs (US\$1.6 million). These costs were estimated on the basis of net increases in personnel, salary increases, equipment maintenance, and maintenance of new and remodeled plant. The juvenile justice component would give rise to recurrent costs totaling US\$1.1 million, mainly in the ISPM, and the other US\$500,000 would arise principally from the institutional strengthening component and would be apportioned among the various co-executing agencies.

2.35 Unallocated (US\$2.8 million). A contingency provision of US\$2 million was calculated for all of the program components; this is equal to 10% of the total amount for all investments in the program, including the cost of the executing unit. Escalation was estimated at US\$800,000, based on the cost of civil works and other activities and on the recurrent costs. The methodology used was the Bank's and the exchange and inflation rate projections for El Salvador.

2.36 Financial costs (US\$3.9 million). The financial costs were calculated according to the financing conditions established for the period of execution of the program.

D. Technical information on the program

2.37 A detailed description of the various components, by institution, the tentative work schedule for the implementation period, and the technical mechanisms and/or procedures for implementation are available on request in the technical files of the operation.

2/ An itemized breakdown is available in the files for the operation.

III. INSTITUTIONAL AND OPERATIONAL ASPECTS

A. The borrower

- 3.1 The borrower for this program will be the Republic of El Salvador, which will assume responsibility for repaying the loan and supplying the counterpart funds.

B. Organization

- 3.2 Execution of the program would be organized at two levels: coordination and administration of centralized funds by the Technical Executing Unit (TEU) (see paragraphs 3.7 and 3.8), and execution of program activities, by the co-executing agencies. As part of the implementation mechanism, the government will transfer the program funds to the TEU on a nonreimbursable basis. A funds transfer agreement between the borrower and the TEU on the IDB loan and the local counterpart funding will be a condition precedent to the first disbursement of the loan.
- 3.3 The choice of TEU as coordinating unit was due to its role as secretariat of the Coordinating Commission for the Justice Sector (CCSJ), which in turn is composed of representatives of the most senior officials of the country's judicial institutions. 8/
- 3.4 The program will draw on the installed capacity of the various co-executing agencies, strengthening their existing planning units for the twofold purpose of equipping them for their role as executing units for the relevant aspects of the program and enabling them to perform their respective functions more effectively. For the information management area, a coordination and integration committee consisting of the heads of the information management units of the various co-executing agencies will be formed.
- 3.5 Operating regulations will need to be put in place to govern relations between the TEU and the co-executing agencies under the program. In addition, there must be agreements between the TEU and the individual agencies setting forth the responsibilities of these agencies in implementing their respective components. Entry of the operating regulations into effect and signature of the agreements would be conditions precedent to the first disbursement from the Bank's financing.

8/ The CCSJ, consisting of the President of the Judicial Power, the Minister of Justice, the Attorney General, the Solicitor General, and the President of the National Council of the Judiciary, is responsible for coordinating the institutions in the justice system, establishing policies and strategies for development of the sector, and deciding on the common plans, programs, and projects to be carried out in the sector.

1. Coordinating agency

- 3.6 The TEU was created in 1993 by executive decree as an agency attached to the Ministry of Justice and reporting to the high-level Coordination Commission for the Justice Sector, which was established pursuant to the Grant Agreement for the second judicial reform project. Both of these agencies were instituted for the purpose of executing that project, which is now in its final stages. (See paragraph 1.10.)
- 3.7 In order to assign greater authority to the TEU, to expand its organization and functions and define them more precisely, and to clarify its relationship vis-a-vis the CCSJ, a new TEU charter law was drawn up and approved on February 15, 1996. ^{9/} The TEU is a decentralized agency incorporated under public law having technical, financial and administrative autonomy and its own equity base. It consists of a steering committee, the CCSJ, which is its highest-level decision-making and supervisory body, a board of directors, and an administrative and financial unit. The adoption of bylaws to regulate its establishing law will be a condition precedent to the first disbursement of the loan.
- 3.8 The TEU will continue to implement the policies issued by the CCSJ and is adequately staffed for the purpose. To enable it to serve the proposed program as well, it will be strengthened with the addition of a coordinating unit for the IDB program. The latter unit will be responsible for administering the funds from both the IDB loan and the local counterpart funding, as well as for coordinating the implementation of the various components and overseeing the administrative and financial aspects of the program.
- 3.9 Composition of the coordinating agency. The present technical staff of the TEU consists of a director general, five technical coordinators, and one administrative and financial manager, assisted by two technical assistants. These professionals have experience in the sector and have appropriate curricula vitae.
- 3.10 For the purpose of executing the program, a general coordinator (an international expert with expertise in similar programs) will be hired to exercise responsibility within the TEU for technical and administrative supervision of the program. This coordinator must be hired before the first disbursement. Funding will be provided as well for hiring four technical coordinators (local consultants) for the areas of legal reform, juveniles, planning, and information systems.
- 3.11 In the financial and administrative areas, the staff of the TEU will be strengthened by the addition of seven experts (a financial management coordinator, an accountant, two specialists in

^{9/} Date slated for approval.

procurement of goods and services, an internal auditor, and two assistants) to administer the IDB loan and the local counterpart funds. This group will also be in charge of the administrative work, including the internal control and external audit mechanisms, accounting records, personnel administration and, particularly, procurement of goods and services. The professionals should be hired to fill the new positions in TEU in the technical, administrative, and financial areas within 90 days of the date of eligibility for disbursement.

2. Institutional and financial aspects of the co-executing agencies

- 3.12 The second judicial reform project was carried out in close coordination with the TEU and the GCSJ. This provided significant experience in the type of technical coordination required for the present program. In addition, the TEU enjoys an excellent reputation and is able to play a leadership role among institutions in the sector. Moreover, the second reform project has provided the TEU with important institutional and operational capabilities, especially in connection with the development of the 1993-1997 five-year plan, which is the country's initial effort to integrate the agencies in the justice sector.
- 3.13 Nevertheless, the TEU has acquired only limited experience in certain areas, notably in the recruitment of consultants and trainers and in administrative and financial management, under the second judicial reform project. The technical staff engaged in resource-management, organizational, and service activities appear to be suitably qualified, and their shortcomings in certain areas of management are probably attributable to their relatively little time on the job.
- 3.14 The co-executing agencies are beset by serious institutional weaknesses, particularly the absence of any medium-term strategic planning on a systematic and comprehensive basis. Except for the Supreme Court, these agencies have no properly implemented information management units with appropriate resources for collecting and processing the copious body of information that is essential for the justice sector's mission. Shortcomings have also been noted in the areas of coordination and communications, within each institution and between one institution and another, and in the quality and accessibility of the information collected.
- 3.15 Strengthening these agencies as institutions, particularly in the areas mentioned above is vital to the program. By and large, these institutions are served by professional staff that, with the technical support envisaged, will be able to respond effectively to the challenges of modern management.
- 3.16 Analysis of the budgets of the co-executing agencies showed them to have the financial capacity to service the operational requirements

of the program and to cover its recurrent costs. The local contribution will be provided by the central government in the form of budgetary transfers of additional funds to each of the co-executing agencies. The institutional and financial analysis of the program is available in the technical files.

- 3.17 In the case of the ISPM, its budgetary appropriations have been gradually increased to cover the programs assigned to it. This is clear from the substantial rise in the appropriation for 1995 and in the 1996 appropriation before the National Assembly, in an aggregate amount of more than US\$10 million equivalent.

C. Administration of the program

1. Selection and supervision of consultants

- 3.18 In designing the program, consideration was given to both the minimum number of consultants needed and the capacity of the institutions involved to absorb these experts. The selection and supervision of such experts is a key to the success of the program.

- 3.19 The following procedures were therefore decided upon as a means of ensuring their proper selection and supervision:

- a. The Program's Coordinating Unit, a component of the TEU which is responsible for the procurement of goods and services, will consist of a small team of well qualified individuals in charge of selecting, hiring and supervising consultants.
- b. Given the need to hire a large number of individual consultants, especially for short training courses, it is recommended that a consulting firm or specialized agency be hired, within 180 days from the date of eligibility for the first disbursement, to assist the TEU in the selection, hiring, and supervision of individual consultants, and to provide training to that unit to enable it to perform this work itself in subsequent years. The selection of that firm or agency will be subject to prior approval by the Bank (project team). At the end of year one, the project team, in conjunction with the TEU, will review the situation with respect to such hiring and supervision and, if necessary, will recommend an extension of the period of service of the firm or specialized agency.
- c. The co-executing agencies will also participate in the technical supervision of the consultants' day-to-day work. 10/

10/ The Judicial Training School, for example, evaluates the work of all instructors at the school.

2. Supervision of physical works

- 3.20 It is recommended that, prior to the startup of any of the physical works provided for in the program, a specialized consulting firm be hired to prepare the bidding documents, supervise the execution of the works, and perform the detailed engineering for the works.

3. Preparation and review of work plans and annual budgets

- 3.21 As a result of the analysis of this operation, and in keeping with the priorities that were decided upon with the government authorities, a detailed work plan has been developed for the first year of the program (see Annex III). Any amendments to this plan will have to be approved by the Bank before approval by the TEU. The activities, goals, and budgets of each component for years 2, 3, and 4 have also been established (the documentation on these aspects of the operation is available in the technical files). However, given the nature of those activities, changes and adjustments to those plans are anticipated. ^{11/} Consequently, the work plans for years 2 to 4 will be prepared and revised as part of the annual review process discussed in the following paragraphs.
- 3.22 One month before the close of the first year of the program, the TEU will send the Bank a report on the extent to which the targets for the year have been achieved and a statement on budget expenditures, together with a detailed proposal on the work plan and budget for the ensuing year. The Bank (represented by the project team and the Country Office in El Salvador) and the TEU will meet to review the report and approve the budget. Bank approval of the proposal will be a condition precedent to disbursements in the following year.
- 3.23 The annual reviews cited above will provide a mechanism for monitoring the program and will afford the needed flexibility for identifying the activities to be carried out after the first year.

4. Supervision and monitoring

- 3.24 Supervision of the program will be carried out by the Bank's Country Office in El Salvador with the support of the project team and of consultants hired for the purpose. The activities will be monitored continuously right from the outset with the assistance of the consultants.

^{11/} For instance, the costs of publicizing the new legislation or of training the operating staff in charge of applying it will not be incurred until the legislation is enacted, and when this will happen is not known at this time; likewise, the details of other activities implemented will depend on the findings of diagnostic studies in certain areas.

5. Performance evaluation in year three

- 3.25 At the close of the third year, an evaluation will be performed to determine what adjustments need to be made in the final year, identify successful outcomes, and help ensure sustainability of the benefits of the program following its completion. One month before the evaluation mission, the TEU will send the project team a report indicating the extent to which the goals have been reached, describing the results of the activities in terms of the impact indicators (Annex I) and criteria previously mentioned, with an analysis of the quality of program execution and suggestions as to adjustments deemed necessary. The evaluators will also have access to the findings of the surveys discussed below in paragraph 3.27.

D. Sustainability

- 3.26 The sustainability of this program should be reflected in the institutionalization of the reforms that are being implemented. This program constitutes the third stage of the judicial reform undertaken by El Salvador. Since the program was designed to consolidate and complement the earlier reforms, it represents the continuation of a long-term process. The program differs from earlier stages of reform in that it puts more emphasis on strengthening the institutions of the justice system and on improving the project planning and management capabilities of those institutions. It is expected that the strengthening in those areas will ensure the institutionalization of the reforms begun in the sector. Moreover, the government has indicated a willingness to allocate the funding required for the continuation of projects begun or expanded under the program after its completion.

E. Opinion surveys to evaluate the success of the program

- 3.27 In order to assess the impact of the program with respect to its stated objectives, opinion surveys will be conducted over two periods during the program. An initial survey will be taken at the outset, for which a consultant will be hired within 90 days following the date of eligibility for disbursements to establish the baseline data for use in measuring the program's impact at a second stage, which will begin at the close of year three. Consultants will be hired to design and supervise the survey and analyze its findings. It is estimated that approximately four months of consulting services will be needed. The field work and tabulation of the data will be done by a specialized firm to be hired for the purpose. In addition, the data collected through these surveys will serve as an important and useful tool in improving planning by institutions in the justice sector, which will benefit from the availability of pertinent information on the needs and perceptions of their prospective user population.

F. Execution and disbursement timetable

- 3.28 Based on an analysis of the principal activities, the program is expected to last four years. A tentative timetable for program activities is in the technical files, and a tentative disbursement schedule appears in the following table:

Disbursement Schedule (in US\$000s)					
	Year I	Year II	Year III	Year IV	Total
IDB	7.0	9.0	3.4	2.8	22.2
LOCAL	1.3	1.8	1.0	1.0	5.1
TOTAL	8.3	10.8	4.4	3.8	27.3
X	30.0	39.4	16.4	14.2	100.0

G. Procurement of goods and services

- 3.29 Civil works. The program will include rehabilitation of the infrastructure of three juvenile detention and rehabilitation centers, construction of four detoxification clinics, construction of a shelter for victims of domestic violence, the establishment of five new workshops and upgrading of five existing training and production workshops for minors, and construction of three ISPM regional offices with lock-up facilities, and a regional integrated justice center (pilot center).
- 3.30 While this is not mandatory, it will be recommended that construction contracts be awarded in packages so as to arouse the interest of local contractors to bid on the work. The international competitive bidding rules will be used only when the packages of works exceed the equivalent of US\$1 million, although no contracts of this size are anticipated. Jobs with a cost of between US\$250,000 equivalent and US\$1 million equivalent will be awarded through local competitive bidding, and those whose cost is less than US\$250,000 through limited bidding, with the requirement that at least five contractors or suppliers be invited to compete for each contract. Works in remote rural areas that are valued at US\$100,000 equivalent or less will be done by force account.
- 3.31 The Bank's Country Office will review the bidding documents for the construction works and the procurement of goods, in accordance with Bank procedures.
- 3.32 Equipment and materials. Contracts for goods and services valued at US\$150,000 equivalent or less will be awarded by limited bidding or shopping, with a requirement that invitations to compete be issued to at least three suppliers. Local competitive bidding will be used for the purchase of goods with a value ranging from

US\$150,000 equivalent to \$250,000 equivalent. International competitive bidding will be used for goods purchases exceeding US\$250,000. The limited bidding and local competitive bidding will be open to international suppliers.

- 3.33 Technical assistance and studies. The program will finance technical assistance and consulting services for studies, training plans, materials preparation, information campaigns and other activities in support of the program. International shopping methods will be used for consulting services contracts in an amount equivalent to US\$200,000. The National Public Bidding procedures, which are acceptable to the Bank, will apply to consulting contracts in amounts of between US\$100,000 equivalent and US\$199,000 equivalent. Services in smaller amounts may be arranged through limited bidding with invitations issued to at least three consultants. Prequalification and local competitive bidding will be open to international consultants.

H. Recognition of expenses

- 3.34 Expenses to a maximum of US\$200,000 incurred by the Government of El Salvador prior to approval of the loan in connection with the preparation of the Operating Regulations and the recruitment of a general coordinator and four technical coordinators (local consultants) in the areas of legal reform, minors, planning, and information systems will be recognized in accordance with the Bank's procedures.

I. External Auditing

- 3.35 Throughout the program, the financial statements of the program will be examined by a firm of external auditors acceptable to the Bank in accordance with Bank procedures.

IV. FEASIBILITY AND RISKS

A. Institutional, political and financial feasibility 12/

- 4.1 In this, the Bank's initial effort to support El Salvador's justice system 13/, the guiding consideration in designing the program was the importance of building up public confidence in the system to enable it to respond to the need for reconstruction and contribute to the consolidation of peace and democracy. The experience gained from earlier projects either completed or under way (the first and second judicial reform projects) was reviewed in an effort to give the present project a comprehensive approach that would: (i) be consistent with the reforms under way; (ii) help to meet the urgent needs of the sector; and (iii) tend to institutionalize the reform process.

1. Institutional feasibility

- 4.2 The institutional feasibility of the project rests primarily on the following bases:
- a. The creation of an IDB Project Coordination Unit within the TEU allows the program to benefit from the latter's prestige and relationships and to profit from the experience gained by the TEU in the second judicial reform project and from the administrative flexibility given to it.
 - b. The second judicial reform project made it possible to develop local professionals familiar with the areas included in the program.
 - c. The program includes a subcomponent to strengthen the planning units of the co-executing agencies with the twofold purpose of: (i) deepening and developing the planning capabilities of the institutions, and (ii) providing them with a unit capable of directing and executing the components included for them in the program.
 - d. The specialized agency will assist in identifying and hiring international consultants and procuring imported goods and services.

12/ The detailed analysis and supporting technical documentation are available in the technical files of the operation.

13/ The only previous operation of the Bank in the justice sector was approved in 1995 for Costa Rica. It focused on the administration of the courts in a setting in which the justice system has long enjoyed stability and prestige.

- e. The agreements between the TEU and the executing agencies will facilitate the supervision of the program and will spell out the conditions and procedures that will govern the program, as well as those applicable to the transfer of loan funds and the local contribution to the co-executing agencies.
- f. The participation of an international official in the management of the program (TEU) is another important feature in assuring the feasibility of the operation.
- g. A consulting firm will support the co-executing agencies in the supervision of construction work. (The construction and rehabilitation works included in the program are simple jobs and should therefore not entail any technical constraints.)

2. Political feasibility

- 4.3 Furthermore, the demand for community-based solutions, community familiarity with the sector's weaknesses and problems, the social and economic costs that an inefficient administration of justice places on Salvadoran society, and the advances made to date, together with the political will of the authorities to forge ahead with the reform process and the existence of a newly created coordinating commission for the sector, are all elements of an institutional and political environment favorable to execution of the program.
- 4.4 The process of preparing the program has resulted in a consensus among the six co-executing agencies with respect to the content of the components and has led them to regard themselves as owners of their respective components. The organization for carrying out the program is also an object of agreement among the participating institutions, as demonstrated by the short amount of time required to prepare and approve the law that gives the TEU its autonomy and juridical personality.

3. Financial feasibility

- 4.5 In examining the financial feasibility of the program, consideration was given to the ability of the government to service the debt and to provide the local counterpart funds on a timely basis, and the budgetary effort involved. The impact of incremental recurrent costs (operation and maintenance) arising from the program was also taken into account.
- 4.6 Central government indebtedness. The increase in the foreign debt as a result of the proposed IDB loan will represent less than 1% of the country's external public debt. The projected amount needed to service that debt in the present year is US\$294 million, including US\$157 million for repayment of principal and US\$77 million for interest. Total service over the term of the Bank's loan, expressed in present value, will amount to US\$1.4 million, which is equal to 0.47% of total debt service.

- 4.7 Total outlays by the co-executing agencies (US\$66 million) are equal to 0.7% of the country's GDP and 4.9% of the 1995 budget appropriations to those agencies. The non-financial public sector deficit, net of grants, was reduced from 4.8% of GDP in 1992 to 0.6% in 1994, primarily because of an increase in local tax revenue, the introduction of a value-added tax, and restructuring of the fiscal administration. A balanced budget is expected in 1995, and the central government budget for 1996 is expected to be 26% above the budget approved for 1995.
- 4.8 The country's GDP has grown at an average yearly rate of more than 6% over the last four years and the inflation rate for 1995 is not expected to exceed 11%.
- 4.9 Local contribution. Will be guaranteed by the government (Ministry of Finance), which will transfer annually to the co-executing agencies, in budgetary appropriations, such additional funding as is needed to cover the local counterpart requirement.
- 4.10 Additional recurrent costs. These costs were considered because of: (i) the net increase in staff required to implement the projected activities; (ii) the addition of steps to the agencies' position classification schemes to reflect specific training processes to be implemented under the program; (iii) the increase in outlays for materials and supplies needed for proper operation; and (iv) equipment upkeep and the maintenance of facilities built or rehabilitated under the program.
- 4.11 The following table breaks down the recurrent costs in terms of their impact on the budget of each of the participating organizations:

RECURRENT COSTS AS A % OF PROJECTED EXPENDITURES (expressed as a % of the projected budget)				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4
ISPM 14/	0	1.85%	4.16%	4.03%
Judicial Branch	0	0.06%	0.13%	0.18%
Ministry of Justice	0	0.17%	0.29%	0.37%
Attorney General	0	0.51%	1.01%	1.44%
Solicitor General	0	0.07%	0.23%	0.36%

14/ In the case of the ISPM, there are clear indications of the government's support for its function. This is reflected in the sizable increases in the budgetary appropriation approved for 1995 and the 1996 budget now before the National Assembly.

- 4.12 Conclusion as to financial feasibility. ^{15/} The program is considered financially feasible considering that: (i) the impact of the loan on debt service is imperceptible; (ii) the country's economic prospects are favorable; (iii) efforts are being made to bring public finances into line; (iv) the total amount of recurrent costs projected for 1999 (the year of maximum growth) is US\$898,000, or 0.73% of the total of the agencies' budgets; and (v) the budgetary appropriations for the ISPM will increase only slightly while costs are expected to diminish as a result of an anticipated decline in youth violence.

C. Socioeconomic feasibility

- 4.13 Poor administration of justice yields adverse economic impacts in the form of high social costs, which can be viewed from a variety of perspectives. In the first place, a hard-to-access system, lengthy trials and obsolescent rules place restrictions on economic activity and thereby limit growth and social well-being. Secondly, the costs to plaintiffs and defendants are greater than an efficient administration would require. Thirdly, the internal costs of the justice system itself turn out to be high.
- 4.14 Efforts to develop the norms and mores of mainstream society in the groups and individuals at greatest risk of falling into delinquent ways (children in adverse family environments, abandoned children, juvenile delinquents, etc.) sooner or later lessen the pressures and demands placed on the judicial system.
- 4.15 Legal security is a sine qua non for ensuring the confidence of investors, both domestic and foreign, which is a requisite for the maintenance of high growth rates. It is legal security, i.e. transparency, consensuality, and impartiality of laws and regulations, that makes for a favorable climate of investment. An absence of consensual and clear rules and/or an absence of mechanisms for enforcing them leads to the development of informal arrangements, limited to subgroups, which significantly inhibit the universe of transactions as a result of its fragmentation and thereby depress the rate of growth. By the same token, in a context of restricted and segmented commercial relations the opportunities for innovation and dissemination are severely limited.

1. Economic analysis of the infrastructure components

- 4.16 The decision to construct three ISPM regional offices with detention centers, each to be provided with communications equipment and a vehicle, was based on the cost-effectiveness of this scheme compared with the alternative of building and operating a separate office in

^{15/} Statistical information for measuring the financial impact of the program and a table of costs by component are in the technical files for the operation.

each of the country's 14 departments. The decision on locations for the various offices was predicated on dividing the country into regions on the basis of existing unmet demand and projected demand. The ISPM therefore decided to construct an office in the eastern region, one in the western region and one in the central region.

- 4.17 A criterion based on the adequacy of demand - as determined by an estimate of the general population and the potential user population over the projected time horizon - will be used to select the site for the pilot justice center.

2. Analysis of low-income beneficiaries

- 4.18 The percentage of juveniles served by the ISPM last year indicates that more than 85% came from poor homes. Keeping in mind that the services of the ISPM are focused at present on San Salvador, where there is less poverty than in the rest of the country, and that the program calls for extending the services to other areas of the country, it can be said that more than 85% of the juveniles to be served by the component are poor. The "minors" component accounts for 53% of the total cost of the program.
- 4.19 The justice system at present reduces the access of the poorest segments of the population because the justice system is slow and costly. The improvements to be made to the internal efficiency of the system will therefore have favorable distributive results for the poorest sectors.

C. Impact on women

- 4.20 Since its primary objective is to improve the operation of the institutions making up the justice system and thereby raise the confidence of the general population in the justice sector, the program is expected to exert a favorable impact on the entire citizenry (men and women, adults and children).
- 4.21 Women and children will benefit specifically from the strengthening of the Office of the Solicitor General, which is responsible for the protection of their rights and interests. The juvenile justice component, particularly as it relates to the rehabilitation of minors, will have a direct impact on the welfare of children and youth, as well as on their mothers, and, to the extent that the activities directed to the prevention of juvenile delinquency succeed, will contribute to a reduction in this serious social problem.
- 4.22 In addition, as users of the justice system, women will benefit from any programs carried out in the area of alternative dispute-settlement methods, inasmuch as training of judges in the use of conciliation procedures in domestic and juvenile matters should help to speed up proceedings in these areas. The terms of reference for the trainers of judges, prosecutors, solicitors,

human rights commissioners, court personnel, policemen, etc., all of whom are called upon to deal with juvenile delinquents and their families, will be developed with the assistance of the Bank's Women-in-Development Unit with an eye toward heightening the awareness of those officials to the proper ways of dealing with women and children involved in the justice system.

D. The environment

- 4.23 The Environmental Management Committee classified this as a Category II operation, recommending that measures be taken to protect the environment and to protect against natural disasters. The committee's recommendations were taken into account in developing the engineering and architectural designs. In preparing each project, an environmental assessment was made to determine the potential negative impacts associated with: implementation of the project (earth movement, soil use, proximity to sources of pollution, etc.); sanitation service infrastructure (water supply, sewers, waste collection, etc.); and operation of the services (handling of gases, radiation, environmental health, safety, etc.).

E. Risks of the program

- 4.24 Successful implementation of the program will require the participation of agencies of the judicial and executive branches of the government, as well as the enactment of laws by the Legislative Assembly. An integrated approach to the program is crucial for the improvement of the justice system. Such an approach also calls for the maintenance of consensus and cooperation among the various participating agencies. As indicated in paragraph 5.2 of this report, the existing consensus among the institutions of the justice system, the Executive Branch, and the Legislative Assembly was demonstrated by word and deed during the preparation of the program. Accordingly, the risk involved is one of losing a consensus already achieved. This risk, however, appears to be attenuated when consideration is given to the fact that the coordination which has existed among the major institutions in the justice sector since 1993 establishes a precedent for sustained cooperation and consensus in the sector.
- 4.25 The complexity of the operation entails a risk of delays in its implementation. This has been mitigated through the design of appropriate coordination and execution systems. Moreover, the annual reviews of the program will provide an opportunity to adjust its content and its execution mechanism where necessary to improve its implementation.

F. Conclusions and recommendations

- 4.26 The program is considered to be technically, institutionally, financially, socially, and economically feasible and is therefore recommended to the Board of Executive Directors of the Bank for approval.

IMPACT INDICATORS

COMPONENTS AND SUBCOMPONENTS	IMPACT INDICATOR	MEASUREMENT TOOL	EXISTING DATA (DATA NEEDED)
General objective of program: to foster greater public confidence in the Justice System.	- Increased confidence in the Justice System	- Opinion survey	Present confidence in the Justice System is: none 39.7%; minimal 30.8% ^{1/} (detailed survey on public opinion at the start and at the end of the program)
COMPONENT 1: LEGAL REFORMS. PURPOSE. SUPPORT THE LEGAL REFORMS INITIATED BY THE GOVERNMENT AND SECOND THE EFFORTS TO INSTITUTE NEW INITIATIVES IN UNDERSERVED AREAS			
Subcomponent 1. Support the implementation of legal reforms in progress - Publication and dissemination of the new criminal-justice legislation - Training activities	- Improvement in the level of familiarity among the general public and criminal trial lawyers - Increased confidence in the Justice System - Practical application of the new legislation	- Opinion survey - Opinion survey - Evaluation of the training activities - Opinion survey	- None (survey at the start and at the end of the program) - Confidence in the Justice System is: none 39.7%; minimal 30.8% (survey at the start and at the end of the program) - None (evaluation of training activities and survey)
Subcomponent 2: Reform of legislation in the administrative area - Publication and dissemination of a new Code of Administrative Procedures - Training activities - Preparation, publication and dissemination of a new Law on Contentious Jurisdiction in Administrative Disputes - Training activities	Enactment of legislation to streamline administrative proceedings and render them more transparent - Familiarity of operational staff and officials of the Justice System with the new legislation - Increased confidence in the Justice System - Practical application of the new legislation - Enactment of legislation expanding the jurisdiction of the Justice System to hear administrative proceedings - Familiarity of Justice System staff with the new legislation - Increased confidence in the Justice System - Practical application of the new legislation	- Quarterly progress reports - Opinion survey - Opinion survey - Evaluation of the training activities - Evidence of enactment of the legislation - Opinion survey - Opinion survey - Evaluation of the training activities - Opinion survey	- Quarterly progress reports - Present familiarity = 0 (survey at the start and at the end of the program) - Confidence in the justice system is: none 39.7%; minimal 30.8% (survey at the start and at the end of the program) - Present application = 0 (evaluation of the training activities and survey at the start and at the end of the program) - Present familiarity is: 0 (survey at the start and at the end of the program) - Survey at the start and at the end of the program - Present application = 0 (evaluation of the training activities and survey at the start and at the end of the program)

^{1/} Public opinion survey by the the Instituto Universitario de Opinión Pública [University Institute of Public Opinion], Central American University, San Salvador, January 28-February 5, 1995.

COMPONENTS AND SUBCOMPONENTS	IMPACT INDICATOR	MEASUREMENT TOOL	EXISTING DATA (DATA NEEDED)
- Creation of three lower courts in Administrative Matters	- Number of administrative cases filed with the Judicial Branch is increased from XX 2/ per year to XX per year.	- Opinion survey (degree of satisfaction of the users)	- Number of administrative cases before the Supreme Court in 1994 = XX (survey at the start and at the end of the program)
Subcomponent 3: Application of the new arbitration and conciliation laws	- More and better use of conciliation by family and juvenile court judges, ISPM, solicitors, law students	- Judicial statistics to indicate the number of family and juvenile court cases conciliated; evaluation forms to indicate the level of satisfaction of the parties to conciliation	- Judicial statistics currently indicate whether or not a case is conciliated (evaluation forms to be designed as an activity of the program)
COMPONENT II: IMPROVEMENT OF THE JUSTICE SYSTEM FOR MINORS: PURPOSE: TO PREVENT JUVENILE DELINQUENCY AND IMPROVE CONDITIONS FOR INMATES OF JUVENILE CORRECTIONAL FACILITIES			
Subcomponent 1: Rehabilitation of the infrastructure of existing juvenile centers	- Compliance with the United Nations standards for juvenile centers, with particular reference to overcrowding, sanitation and security	- Visits to the centers, using an instrument that measures and quantifies compliance with the United Nations requirements - Security can be measured by the number of escapes, riots, assaults, etc. It would also be important to consider the perception of the population in this regard	- Visits to the centers to establish baseline data on items to be evaluated subsequently - Existing data and surveys
Subcomponent 2: Establishment of three ISPM regional offices - Construction of three detention centers	- Greater access of the population to the services of the ISPM - Greater satisfaction among users - Better conditions for inmates awaiting trial - Improved access of juveniles to juvenile courts and solicitors	- Data on ISPM workload. An increase in the caseload of at least 33% is assumed - User surveys - Evaluation of present conditions. Field visits - Interviews with judges, prosecutors and solicitors	- Data on ISPM workload - Review of caseload increases in light of the opening of new centers - User surveys at the start of the program - Field visits to existing detention centers and interviews with minors - Interviews with judges, prosecutors and solicitors at the start of the program
Subcomponent 3: Strengthening of prevention and rehabilitation programs - For at-risk minors in process of being re-educated and inmates of juvenile detention centers in process of being released - For members of youth gangs	- 1,750 young people trained in areas such as automotive mechanics, repair of industrial machinery, etc. - Employment of XX young people as a result of the training - Reduction of XX% in the rate of recidivism - Encourage members of youth gangs to leave these groups and return to society	- Evaluation of the training - Number of young people who at the end of the training have jobs in the field in which they were trained - Review of delinquency data in the juvenile courts for the minors served by these programs and comparison with the population not served - xx percent of members of <u>maras</u> who have left these gangs	- Compilation of the data available, since the program will support an extension of this program - Compilation of available data - Collection of available data

2/ "XX" denotes numbers to be determined as part of the process of designing an evaluation mechanism for the program.

COMPONENTS AND SUBCOMPONENTS	IMPACT INDICATOR	MEASUREMENT TOOL	EXISTING DATA (DATA NEEDED)
<ul style="list-style-type: none"> - Consists in job training and social education programs - Training of promoters 	<ul style="list-style-type: none"> - Employment of XX young people as a result of the training - 4,025 people trained - Better understanding of the problems of minors and the role of the community in addressing them - Greater participation by local governments in preventive activities 	<ul style="list-style-type: none"> - Number of young people who at the end of the training have jobs in the field in which they were trained - Number of people trained - Evaluations of the courses - Increase in the number of activities sponsored by communities and local governments 	<ul style="list-style-type: none"> - Compilation of the data available, since the program will support an extension of this program - Evaluations of existing courses - Brief survey preceding the course - Number of activities currently being sponsored by communities and local governments
Subcomponent 4: Support for programs of institutionalized care <ul style="list-style-type: none"> - Detoxification of inmates - Diversification and equipping of five training and production workshops 	<ul style="list-style-type: none"> - Establishment of three detoxification centers for inmates (male juvenile delinquents, at-risk males, and females in both categories) - Reduction (from xx% to xx% in the percentage of children suffering from substance abuse - Establishment of five workshops - Modernization of the program to offer a type of training more attuned to the technical labor market than to the craft production market - Employment of 25 young people as a result of the training - Reduction of the rate of recidivism by xx% 	<ul style="list-style-type: none"> - One study completed and the first center evaluated with a view to implementing the program in other centers - Interviews with inmates, review of files, surveys protecting the anonymity of respondents - Evaluation - Evaluation of restructuring and changes in the training programs - Number of young people who at the end of their training have jobs in the field in which they were trained - Review of delinquency data in the juvenile courts for the minors served by these programs and comparison with the population not served 	<ul style="list-style-type: none"> - There are no centers of this type - The estimated percentage of child addicts among the population of ISPM juvenile detention facilities needs to be updated - Evaluation of the existing centers - Revision of the existing programs - Compilation of existing data, since the program will support the extension of this activity - Review of existing data
Subcomponent 5: Strengthening of programs to prevent and reduce domestic violence	<ul style="list-style-type: none"> - Construction of a temporary shelter for victims of domestic violence in San Salvador - Greater confidence of victims in the justice system - Increase in the number of complaints as a result of greater confidence 	<ul style="list-style-type: none"> - Evaluation of construction - User surveys and interviews with judges, prosecutors and solicitors - Review of information in court and police records 	<ul style="list-style-type: none"> - Not applicable - None (opinion surveys) - Review of information in court and police records
Subcomponent 6: Establishment of a special fund to support innovative initiatives by NGOs	<ul style="list-style-type: none"> - Twenty \$25,000 grants awarded during the program - Implementation of projects which have secured funding as a result of initial support provided in the form of these grants - Increase in the number of innovative initiatives 	<ul style="list-style-type: none"> - Evaluation of the type and number of applications received per competition - Report to be submitted one year after the end of the project initially financed by the program 	<ul style="list-style-type: none"> - None (evaluation of applications) - The initial goal (comparison with report)

COMPONENTS AND SUBCOMPONENTS	IMPACT INDICATOR	MEASUREMENT TOOL	EXISTING DATA (DATA NEEDED)
Subcomponent 7: Establishment of a training program for staff of juvenile system	- Familiarity of Juvenile Justice System staff and officials with standards for the treatment of minors	- Surveys and evaluations of the people trained. Since the universe of trainees is limited, the program will train virtually all its potential users; this obviates the need to compare the people trained with control groups	- Present application and evaluations of the training and survey programs at the start and at the end of the program
COMPONENT III. STRENGTHENING OF ENFORCEMENT INSTITUTIONS IN THE AREAS OF PLANNING AND INFORMATION SYSTEMS. PURPOSE: TO IMPROVE THE PLANNING FUNCTION OF THE INSTITUTIONS IN THE JUSTICE SYSTEM			
Subcomponent 1: Strengthening of planning units	<ul style="list-style-type: none"> - Innovation in services and procedures - Regular use of new methodologies for budget preparation and monitoring - Modernization of administrative management - Indicators used in the development of strategies - Improvement of internal efficiency - Establishment of human resource policies - Improvements to staff/client population relationships 	<ul style="list-style-type: none"> - Performance indicators - Semiannual progress reports - Opinion survey 	<ul style="list-style-type: none"> - Little information available (the program creates systems for the development of indicators and calls for semiannual progress reports) - None (opinion survey at the start and at the end of the program)
Subcomponent 2: Development of an integrated criminal-justice policy <ul style="list-style-type: none"> - Publication and dissemination of an integrated criminal-justice policy plan - Training activities - Publication and dissemination of the recommendations stemming from the evaluation of the criminal justice system 	<ul style="list-style-type: none"> - Degree of familiarity of representatives of correctional institutions with the plan. - Increased confidence in the Justice System - Practical application of the plan - Degree of familiarity with the recommendations made in the evaluation of the criminal justice system - Increased confidence in the Justice System 	<ul style="list-style-type: none"> - Opinion survey - Opinion survey - Evaluation of the training activities - Opinion survey - Opinion survey 	<ul style="list-style-type: none"> - None (survey at the start and at the end of the program) - A general survey indicates that the level of confidence in the Justice System is: none, 39.7%; minimal, 30.8% (survey at the start and at the end of the program) - None (evaluation of the training activities and survey at the start and at the end of the program) - None (survey at the start and at the end of the program) - A general survey indicates that the level of confidence in the Justice System is: none, 39.7%; minimal, 30.8% (survey at the start and at the end of the program)
Subcomponent 3: Establishment of integrated regional justice center (pilot project)	<ul style="list-style-type: none"> - Creates an opportunity to test the integrated planning approach and use a mechanism for the provision of integrated services to the population - Increased access to and greater confidence in the justice system 	<ul style="list-style-type: none"> - Evaluation of the center's operation - Opinion survey 	<ul style="list-style-type: none"> - None (evaluation of the center is included in the program) - Opinion survey

COMPONENTS AND SUBCOMPONENTS	IMPACT INDICATOR	MEASUREMENT TOOL	EXISTING DATA (DATA NEEDED)
Subcomponent 4: Information systems	<ul style="list-style-type: none"> - Information management units reorganized - Databases developed - Systems implemented - Computer, database and communications infrastructure operational - Information-management and user personnel trained - Information systems in operation to improve planning and management functions 	<ul style="list-style-type: none"> - Diagnostic studies performed in the course of the program - Semiannual progress reports 	<ul style="list-style-type: none"> - Comparison of semiannual reports with baseline data established in evaluations

EL SALVADOR — PROGRAM TO SUPPORT THE REFORM OF THE JUSTICE SYSTEM

QUANTITATIVE PROGRESS INDICATORS

COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
COMPONENT 1: Legal Reforms				
Publication of the new criminal justice legislation	Publication of: - 6,000 copies of the Criminal Code - 6,000 copies of the Correctional Services Act - 1,000 copies of the annotated Juvenile Delinquency Law - 1,000 brochures - Advertisements in four national newspapers			
Training for criminal trial lawyers on the new criminal justice legislation	Eight courses for 30 people	Eight courses for 30 people	Eight courses for 30 people	Eight courses for 30 people
Revision of Draft Code of Administrative Procedures	- Revision done and recommendations formulated - Analysis of the impact of the new law and its compatibility with other legislation in the area			
Technical assistance for the Legislative Assembly	Three one-day workshops for 30 legislators			
Publication and dissemination of the Code of Administrative Procedures	- 12,000 copies published in 4 national newspapers - Three one-day workshops for 30 judges and law professors	- Three one-day workshops on the new law for 50 judges and officers of the Court of Administrative Disputes - 24 one-day workshops for 700 officials with decision-making authority (56 in ministries, 120 in autonomous official institutions, and 524 in municipalities), with approximately 30 participating in each workshop		
Revision of the Law on Contentious Jurisdiction in Administrative Disputes and its extension to other areas	- Revisions done and recommendations formulated - Analysis of the impact of the new law and its compatibility with other legislation in the area			

ANNEX II

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COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Facilitation of discussion and debate on the preliminary draft law on Contentious Jurisdiction in Administrative Disputes	<ul style="list-style-type: none"> - Publication and dissemination of 1,000 copies of the preliminary draft law - Three one-day workshops for 30 legislators - Submission of the draft law to the Legislative Assembly 			
Publication and dissemination of the new Law on Contentious Jurisdiction in Administrative Disputes		<ul style="list-style-type: none"> - 1,000 copies published - Two one-day workshops on the new legislation in three regions for 30 judges and law professors and 100 lawyers 		
Creation of three lower courts to hear administrative disputes (pilot experiment)		<ul style="list-style-type: none"> - Three courts created 		
Training on the new legislation in the area of conciliation	<ul style="list-style-type: none"> - One 5-day course for 30 family and juvenile court judges - One 5-day training course for ISPM conciliators; one advanced training course for 20 multipliers - One five-day training course for 30 conciliators from the Office of the Solicitor General and the Office of the Human Rights Commissioner; one advanced one-day training course for 10 multipliers 	<ul style="list-style-type: none"> - One 2.5-day continuing education course for ISPM conciliators - One 2.5-day continuing education course for conciliators from the Office of the Solicitor General and the Office of the Human Rights Commissioner - Courses on conciliation and creation of a conciliation center at a school of law 	<ul style="list-style-type: none"> - One continuing education course for judges - One 2.5-day continuing education course for ISPM multipliers - One 2.5-day continuing education course for multipliers from the Office of the Solicitor General and the Office of the Human Rights Commissioner 	<ul style="list-style-type: none"> - One continuing education course for ISPM conciliators - One 2.5-day course for conciliators from the Office of the Solicitor General
COMPONENT II: Improvement of the Juvenile Justice System				
1. Rehabilitation of the infrastructure of existing juvenile justice centers		Remodeling of a center	Remodeling of two centers	
2. Establishment of ISPM regional offices and construction of detention centers	Establishment of an ISPM regional office and construction of a detention center in San Miguel	Establishment of two ISPM regional offices and construction of two detention centers in Santa Ana and San Salvador		
3. Strengthening of the prevention and rehabilitation programs		Establishment of training for approximately 1,750 juveniles		
a. For at-risk youths in process of being reeducated and for young inmates in process of being released	250 training grants in areas such as automotive mechanics, repair of industrial machinery, and so on	500 training grants	500 training grants	500 training grants
b. For members of youth gangs (maras). Vocational training and social education	24 training grants	48 training grants	48 training grants	48 training grants
c. Training of promoters	575 people trained	1,150 people trained	1,150 people trained	1,150 people trained
4. Support for programs of institutionalized care				

COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
a. Detoxification of inmates	Two clinics established	Two clinics established		
b. Diversification and equipping of training and production workshops	Two centers established	Three centers established		
5. Strengthening of programs to prevent and reduce domestic violence	One temporary shelter built in San Salvador			
6. Establishment of a special fund to support initiatives	Five grants awarded	Five grants awarded	Five grants awarded	Five grants awarded
7. Establishment of a training program for operational staff of the juvenile justice system	One training coordinator hired			
a. Introductory courses for multidisciplinary teams from the ISPM, four 20-hour cycles	Four courses	Eight courses	Four courses	Four courses
b. Continuing education courses for multidisciplinary teams from the ISPM, in four groups of 30 students each for four 20-hour cycles	Eight courses	Eight courses	Eight courses	Eight courses
c. On-site training	Two courses	Four courses	Two courses	
d. Preparation of training materials	Two modules and four videos	Two modules and four videos	Two modules and four videos	Two courses
e. Courses for support personnel of the courts in the juvenile justice system (30 people per course, two 20-hour cycles)		Two courses	Two courses	Two videos Two courses
Courses for professors of the National Academy of Public Safety (30 people per course, two 20-hour cycles)	One course	Two courses	Two courses	Two courses
Courses for judges, prosecutors, solicitors and human rights attorneys (30 people per course, two 40-hour cycles)		Two courses	Two courses	Two courses
Groups of 30 people (multi-disciplinary teams from juvenile justice courts) (two 40-hour cycles per group)		Two courses	Two courses	Two courses

COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
COMPONENT III. Strengthening in the areas of planning and information systems				
Strengthening of planning units	<ul style="list-style-type: none"> - Creation of a planning unit in the ISPM In the Judicial Branch, the Ministry of Justice, the Office of the Solicitor General and the Office of the Attorney General: - Design of a system of short- and medium-term performance indicators - Identification of services offered and production processes - Development of strategies for measuring medium-term impacts and attainment of near-term goals - Design of a budget preparation and monitoring system - Evaluation of human-resource management system - Ministry of Justice: 356 course/hours for a total of 240 participants - Office of the Solicitor General: 242 course/hours for a total of 240 participants - Office of the Attorney General: 22 course/hours for a total of 220 participants - ISPM: 378 course/hours for a total of 360 participants 	<ul style="list-style-type: none"> - Start-up of the system of indicators - Design of new services and reengineering of processes - Preparation of O&M manuals - Design of human-resource policy proposals - Design of possible performance motivation and job enrichment actions - Judicial Branch: 655 course/hours for a total of 620 participants 	<ul style="list-style-type: none"> - Periodic reports for senior management - Periodic statistical reports including qualitative information 	<ul style="list-style-type: none"> - Periodic reports for senior management - Periodic statistical reports including qualitative information

COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Development of a integrated criminal-justice policy	<ul style="list-style-type: none"> - Design for integrated criminal-justice policy completed - Three one-day information conferences for the public in three regions of the country, each attended by 250 people - Twelve one-day workshops for representatives of correctional institutions (50 people per workshop) - Distribution of 1,000 brochures on the plan and its recommendations - Advertisements on the plan and its recommendations in four national newspapers 	<ul style="list-style-type: none"> - 24 two-day training workshops in three regions of the country for officials from correctional institutions (30 people per workshop) 		
Performance of a comprehensive evaluation of the correctional services system	<ul style="list-style-type: none"> - Evaluation performed - Three one-day conferences for the public in three regions of the country (250 people per conference) - Three one-day workshops in three regions of the country for representatives of the institutions involved (50 people per workshop) - Publication of 1,000 copies of a brochure on the recommendations made in the evaluation - Identification of needs, priorities and prospects for action in the area 			
Development of regional integrated justice centers	<ul style="list-style-type: none"> - Design of an operations plan - Design of a physical plan by an architect 	<ul style="list-style-type: none"> - Construction of a regional integrated justice center 	<ul style="list-style-type: none"> - Provision of personnel and equipment to the center; start-up 	<ul style="list-style-type: none"> - Evaluation of the operation of the pilot center, design of adjustments thereto

COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Development of information systems	<ul style="list-style-type: none"> - Formulation of an information strategy proposal - Institutional strengthening of information management units - Analysis of functional processes and information requirements - Development of information-management design engineering - Development of design engineering systems - Development of information-technology design engineering - Staff training in information management 	<ul style="list-style-type: none"> - Strengthening of information-management units - Development of design engineering systems - Development of information-technology design engineering - Training of information-management staff and users of the systems 	<ul style="list-style-type: none"> - Development of design engineering systems - Training of information-management staff and users of the systems 	<ul style="list-style-type: none"> - Training of information-management staff and users of the systems

ANNUAL WORK PLAN: YEAR 1

ACTIVITIES			
QUARTERS			
1	2	3	4
Hiring of staff for the Program Coordinating Unit	TEU		
Hiring of consultants to design the evaluation system and indicators	TEU		
Hiring of consultants to prepare the opinion survey	TEU		
COMPONENT I: LEGAL REFORMS			
Subcomponent 1: Support for implementation of legal reforms in progress			
1.1 Development of a training plan for criminal trial lawyers to complete the work begun under Judicial Reform Project II	CNJ		
1.2 Recruitment of and preparation of terms of reference for instructors (international, national)	CNJ		
1.3 Publication of the new criminal justice legislation: Criminal Code (6,000 copies), Code of Criminal Procedure (6,000 copies), and Correctional Services Act (1,000 copies)	MJ		
1.4 Preparation of the annotated and concorded juvenile Delinquency Law	MJ, OJ		
1.5 Publication of annotated and concorded juvenile Delinquency Law (1,000 copies)	MJ		
1.6 Preparation and distribution of 10,000 brochures on the new criminal justice legislation	MJ, OJ		
1.7 Advertisements on the new criminal justice legislation in four national newspapers	MJ, OJ		
1.8 32 training activities for trial lawyers (eight activities per year) on the new criminal justice legislation, with participants divided into four groups, making a total of 480 lawyers trained		CNJ	CNJ
Subcomponent 2: Legislation in the administrative area			
2.1 Formation of a working group made up of representatives of all the sectors involved	MJ, OJ		
2.2 Revision of the Draft Code of Administrative Procedures and formulation of recommendations	MJ, OJ		
2.3 Analysis of the impact of the new law and its consistency with the other legislation in the area	MJ, OJ		
2.4 Three one-day workshops for about 30 legislators, to facilitate enactment of the law	MJ, OJ		
2.5 Publication and distribution of the legislation enacted (12,000 copies)		MJ	
2.6 Three one-day training workshops for 30 judges and law professors on the new Code of Administrative Procedures			CNJ

ANNEX III

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ACTIVITIES	QUARTERS			
	1	2	3	4
2.7 Revision of the Law on Contentious Jurisdiction in Administrative Disputes and extension thereof to other areas		MJ, OJ		
2.8 Analysis of the impact of the new legislation and its consistency with the other legislation in the area		MJ, OJ		
2.9 Publication and dissemination of the Preliminary Draft Law on Contentious Jurisdiction in Administrative Disputes (1,000 copies)			MJ, OJ	
2.10 Three one-day workshops for some 30 legislators, to facilitate enactment of the law			MJ, OJ	
2.11 Submission of the Draft Law to the Legislative Assembly				MJ, OJ
Subcomponent 3: Application of legislation on conciliation				
3.1 Training in conciliation techniques for judges of domestic and juvenile courts (one five-day course for 30 judges)			CNJ, OJ	CNJ, OJ
3.2 Training in conciliation techniques for ISPM personnel: one five-day course to train 30 conciliators; an advanced course for one additional day to train 20 multipliers			CNJ, ISPM	CNJ, ISPM
3.3 Training in conciliation techniques for personnel of the Office of the Solicitor General and the Human Rights Commissioner: two five-day courses to train 30 mediators; one course for one additional day to train 20 multipliers			CNJ, PG	CNJ, PG
COMPONENT II: IMPROVEMENT OF THE JUVENILE JUSTICE SYSTEM				
Subcomponent 1: Rehabilitation of the infrastructure of the existing juvenile centers				
1.1 Technical analysis by a team of architects, engineers and other specialists, who will review existing conditions at the Llobasco, El Espino, Rosa Virginia Pelletier and Tonacatepecque centers as well as the plans for future use of those centers			TEU, ISPM	
1.2 Recommendations for a program to upgrade the present structures and construct new ones			ISPM	
1.3 Authorization from the Technical Coordination Unit to finance the construction envisaged in the budget approved for the loan (the Coordination Unit will apply to the Bank for advance approval)				TEU, ISPM
Subcomponent 2: Establishment of regional ISPM offices and construction of detention centers				
2.1 Adjustments to the three detention centers and procurement of communications and transport equipment			ISPM	
2.2 Construction of the first center				ISPM
Subcomponent 3: Strengthening of prevention and rehabilitation programs				
3.1 For at-risk minors being reeducated and young inmates in course of being released				
a. Funding of 250 training grants in areas such as automotive mechanics, repair of industrial machinery, and so on			ISPM	ISPM
b. Evaluation of existing program			ISPM	

ACTIVITIES	QUARTERS			
	1	2	3	4
3.2 For members of youth gangs (maras)				
a. Evaluation of existing program			ISPM	
b. Vocational training involving the development of materials for a variety of techniques, i. e. film discussion groups, sporting events, educational talks and other activities aimed at strengthening mutual support groups			ISPM	ISPM
3.3 Training of promoters				
a. Evaluation of existing program			ISPM	
b. Training of promoters and procurement of training materials required for conducting courses for local governments, community groups, single mothers, and youth gang members on the problems of minors and the community's role in addressing those problems				ISPM
Subcomponent 4: Support for programs of institutionalized care				
4.1 Detoxification of inmates				
a. Performance of a diagnostic study to determine the level of drug use among the inmate population, with emphasis on the use of inhalable substances			ISPM	
b. Based on the study's findings, the ISPM will design a prevention and treatment program			ISPM	
c. Inauguration of two detoxification clinics				ISPM
4.2 Diversification and equipping of training and production workshops				
a. Evaluation of existing program				ISPM
b. Establishment of two training complexes to offer training in a variety of technical areas: automotive mechanics, computing, electricity and electronics, industrial sewing, and electrical fusion welding				ISPM
Subcomponent 5: Strengthening of programs for the prevention and reduction of domestic violence				
5.1 Creation of a temporary shelter in San Salvador for victims of domestic violence				ISPM
5.2 Procurement of communications and transport equipment for moving the victims to places where they can be given the necessary treatment				ISPM
5.3 Training and formation of new multidisciplinary teams so as to be able to extend the coverage of the program beyond San Salvador				ISPM
Subcomponent 6: Establishment of a special fund to support innovative initiative in NGOs				
6.1 Development of rules and terms of reference for competitions		ISPM, TEU		
6.2 Contact NGOs to let them know about this activity and encourage their participation		ISPM, TEU		
6.3 Publicize the competition			ISPM, TEU	

ANNEX III

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ACTIVITIES	QUARTERS			
	1	2	3	4
6.4 Selection of winners				ISPM, TEU
6.5 Award of five grants				ISPM, TEU
Subcomponent 7: Training program for operational staff of the juvenile justice system				
7.1 Development of training program			ISPM	
7.2 Introductory courses for ISPM multidisciplinary teams, four 20-hour cycles			ISPM	ISPM
7.3 Continuing education courses for ISPM multidisciplinary team, in 4 groups of 30 people in 4 20-hour cycles			ISPM	ISPM
7.4 On-site training and development of training materials			ISPM	ISPM
7.5 Courses for support personnel of juvenile courts. Groups of 30 persons in 2 20-hour cycles			CNJ, ISPM	CNJ, ISPM
7.6 Courses for instructors from the National Academy of Public Safety. Groups of 30 persons in 2 20-hour cycles			CNJ, ISPM	CNJ, ISPM
7.7 Courses for judges, prosecutors and human-rights attorneys. Groups of 30 people per course, in two 40-hour cycles			CNJ, ISPM	CNJ, ISPM
7.8 Groups of 30 (groups of multidisciplinary teams from juvenile courts) (two 40-hour cycles)			CNJ, ISPM	CNJ, ISPM
COMPONENT III: STRENGTHENING IN THE AREAS OF PLANNING AND INFORMATION SYSTEMS				
Subcomponent 1: Strengthening of Planning Units				
Selection and hiring of a consulting firm to support the following activities:	TEU			
1.1 Performance indicators system				
a. Development of terms of reference	FG, ISPM	MJ, OJ	MJ, PG	
b. Evaluation of information systems		ISPM, FG	MJ, FG, ISPM	MJ
c. Identification of statistics available		OJ	OJ, PG	PG
d. Design and evaluation of a set of indicators			FG, PG, ISPM	FG, PG
2.1 Research and development				
a. Evaluation (quantitative and qualitative) of services offered and production processes		ISPM, MJ, OJ	MJ, PG, FG	FG
b. Characterization of needs of target population		MJ	MJ	FG
c. Evaluation of production levels			ISPM	
d. Design of new services and reengineering of processes		OJ	MJ, OJ, PG, ISPM	PG
e. Development of terms of reference for special studies			OJ	
f. Modernization and strengthening of the documentary support system			MOJ, OJ	

ACTIVITIES	QUARTERS			
	1	2	3	4
g. Design of technical methodologies:				
- development of terms of reference, hiring of consultants	CNJ	CNJ		
- implementation of recommendations				CNJ
1.3 Planning and programming				
a. Development of terms of reference		ISPM, FG, MJ, OJ	PG	
b. Development of strategies with a medium-term impact and establishment of near-term goals		FG, MJ, ISPM	PG, MJ, FG, OJ, ISPM	PG
c. Dissemination of plans and programs			OJ, FG, ISPM, MJ	
d. Development of organization and methods manuals				FG, PG
1.4 Financial planning:				
a. Development of terms of reference	FG	ISPM	PG	
b. Evaluation of the budgetary system		ISPM, FG	PG, FG	PG
c. Design or redesign of the budget formulation and monitoring system			ISPM, FG	FG
d. Management of financing funds from alternative sources			ISPM	
1.5 Human resources management				
a. Development of terms of reference	FG	ISPM, MJ, OJ	PG	
b. Description of posts and personnel		ISPM	ISPM	
c. Evaluation of human-resources management system		OJ, MJ, FG	OJ, PG, MJ, FG	PG
d. Design of human-resource policy			PG, OJ	FG
e. Design of possible motivational actions				PG
1.6 Management				
a. Restructuring and administration of the unit		OJ, MJ, PG, FG	MJ, FG	
b. Institutional relocation of the planning unit				OJ
c. Development of annual plan of activities		MJ, FG	OJ, FG, FG, MJ	
d. Establish impact strategies		FG	FG	
1.7 Training in management and administration:				
a. Programming of courses		FG, PG, OJ, MJ, ISPM		
b. Courses				
- Ministry of Justice: 356 course/hours for 340 participants			MJ	

ANNEX III

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ACTIVITIES	QUARTERS			
	1	2	3	4
- Office of the Solicitor General: 242 course/hours for 240 participants			PG	PG
- Office of the Attorney General: 222 course/hours for 220 participants			PG	PG
- ISPM: 378 course/hours for 360 participants			ISPM	ISPM
1.8 Creation of strategic planning unit, ISPM:				
a. Formation of unit		ISPM		
b. Development of annual plan of activities for the unit		ISPM		
c. Direct and advise subunits on methodological and operational matters		ISPM	ISPM	
Subcomponent 2. Development of an integrated criminal-justice policy				
2.1 Analysis of the present situation	MJ			
2.2 Design of an integrated criminal-justice policy plan		MJ		
2.3 Three one-day conferences/forums to provide information to the general public in three regions of the country, each to be attended by 250 people (a total attendance of 750)			MJ	
2.4 Twelve one-day workshops in three regions of the country for representatives of the criminal justice institutions, each workshop to be attended by 50 participants (a total of 600 participants trained)			MJ	MJ
2.5 Preparation and distribution of 1,000 brochures on the plan and its recommendations			MJ	
2.6 Advertisements on the plan and its recommendations in four national newspapers			MJ	
2.7 24 two-day training workshops in three regions of the country for staff of criminal justice institutions, each with 30 participants (a total of 750 participants trained)				CNJ
2.8 Development of terms of reference for performing a comprehensive evaluation of the correctional services system	MJ			
2.9 Performance of the evaluation		MJ		
2.10 Three one-day conferences/forums to provide information to the general public in three regions of the country, each to be attended by 250 people (a total attendance of 750)			MJ	
2.11 Three one-day workshops in three regions of the country for representatives of the institutions involved, with some 50 participants per workshop (a total of 150 participants)			MJ	
2.12 Publication and dissemination of the summary and recommendations of the evaluation (1,000 brochures)			MJ	
2.13 Advertisements on the summary and recommendations in four national newspapers			MJ	
2.14 Determination of requirements, priorities and prospects for action in the area				MJ

ACTIVITIES	QUARTERS			
	1	2	3	4
Subcomponent 3: Development of regional integrated justice centers				
3.1 Design of operations plan		OJ, FG, PG		
3.2 Hiring of architect; design of physical plan				OJ, FG, PG
Subcomponent 4: Development of information systems				
Hiring of a consulting firm for the following activities:		TEU		
4.1 Formulation of an information-strategy plan	CCII			
4.2 Institutional strengthening of information-management units	CCII, ECE	CCII, ESE		
4.3 Analysis of functional processes and information requirements		CCII and ECE		
4.4 Development of the information design engineering		CCII and ECE	CCII and ECE	
4.5 Development of the systems design engineering			CCII and ECE	CCII and ECE
4.6 Development of the information-technology design engineering			CCII and ECE	CCII and ECE
4.7 Training of information-management personnel and users of the systems		CCII and ECE	CCII and ECE	

PROPOSED RESOLUTION

EL SALVADOR. LOAN /OC-ES TO THE REPUBLICA DE EL SALVADOR
(Program to Support the Reform of the Justice System)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de El Salvador, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Support the Reform of the Justice System. Such financing will be for the amount of up to US\$19,200,000, or its equivalent in other currencies, except that of the República de El Salvador, which are part of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.

RGII-ES056P
ES-0090

PROPOSED RESOLUTION

**EL SALVADOR. LOAN /OC-ES TO THE REPUBLICA DE EL SALVADOR
(Program to Support the Reform of the Justice System)**

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de El Salvador, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Support the Reform of the Justice System. Such financing will be for the amount of up to US\$3,000,000, or its equivalent in other currencies, except that of the República de El Salvador, which are part of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

EL SALVADOR. PARTIAL PAYMENT OF INTEREST ON
LOAN No. ____/OC-ES TO THE REPUBLICA DE EL SALVADOR
(Program to Support the Reform of the Justice System)

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as administrator of the Intermediate Financing Facility Account, hereinafter referred to as the "account", to enter into such contract or contracts as may be necessary with the República de El Salvador, as Borrower, and to adopt other pertinent measures to use the resources of the account to pay a part of the interest due by the Borrower on outstanding balances of the loan authorized by Resolution DE- /96, for financing part of the cost of the Program to Support the Reform of the Justice System, hereinafter referred to as the "approved loan." Such part shall represent up to 5% per annum on the outstanding balances of the loan.

2. That the Bank shall charge to the account the amounts due by the Borrower and to be paid by the account, in the currencies designated by the Bank and available in the account, on the dates specified for the payment of interest or on the date or dates on which the Bank receives the payment of the remainder of the interest owed by the Borrower, hereinafter referred to as the "remainder". Should the Borrower not have paid on the date due the remainder, as well as any payment of principal or fees, the Bank shall withhold payment of the amount of interest authorized to be paid from the account to the Bank. In such event, the Borrower shall remain liable for the total amount of the interest due and owed until such time as the Bank has received payment of the remainder and of the respective amounts owed for amortization and fees.

3. That to the extent that the Bank receives payments from the account for interest on the approved loan, the Borrower shall not be liable for the payment of such amounts and, consequently, it shall not be obligated to repay to the Bank any amounts of interest paid from the account to the Bank.

4. That the Borrower may decide to pay the whole amount of the interest accrued on the outstanding balances of the approved loan either during the effectiveness of the loan or only during the amortization period of said loan. In both cases the Bank shall, as soon as possible, reimburse the country for interest paid to the Bank and which may be charged to the account in accordance with Clauses 1 and 2 above.

5. That to the extent that the Bank determines that there are not sufficient resources available in the account for making the payments referred to in Clauses 2 and 4 above, the Borrower shall pay the interest due on the dates and in the amounts specified in the loan contract, up to the full amount accrued on the outstanding balance of the approved loan without any obligation for reimbursement by the Bank.