

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

DOMINICAN REPUBLIC

PROGRAM TO SUPPORT THE TRANSPARENCY AND INTEGRITY AGENDA IN THE DOMINICAN REPUBLIC

(DR-L1150)

LOAN PROPOSAL

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ABBREVIATIONS	
AML/CFT	Anti-money laundering/Combating the financing of terrorism
BCRD	Banco Central de la República Dominicana [Central Bank of the Dominican Republic]
CGR	Contraloría General de la República [Office of the Comptroller General of the Republic]
CIGCNs	Comisiones de Integridad Gubernamental y Cumplimiento Normativo [Government Integrity and Regulatory Compliance Commissions]
DGCP	Dirección General de Contrataciones Públicas [Office of Public Procurement]
DIGEIG	Dirección General de Ética e Integridad Gubernamental [Office of Government Ethics and Integrity]
DIGEPRES	Dirección General de Presupuesto [Budget Office]
GDP	Gross domestic product
IRR	Internal rate of return
MEPyD	Ministry of Economic Affairs, Planning, and Development
MINPRE	Office of the President of the Dominican Republic
MSMEs	Micro, small, and medium-sized enterprises
OECD	Organisation for Economic Co-operation and Development
OGTIC	Oficina Gubernamental de Tecnologías de la Información y Comunicación [Government Office for Information and Communication Technologies]
PCU	Program coordination unit
PEU	Project execution unit
PTF	Portal de Transparencia Fiscal [Fiscal Transparency Portal]
QCBS	Quality- and cost-based selection
RAI	Responsables de Acceso a la Información [information access officers]
SAIP	Sistema de Acceso a la Información Pública [Public Information Access System]
SDG	Sustainable Development Goal
SIGEF	Sistema de Información de la Gestión Financiera [Financial Management Information System]
SINACI	Sistema Nacional de Control Interno [National System for Internal Control]
SNIP	Sistema Nacional de Inversión Pública [National Public Investment System]
SOFR	Secured overnight financing rate

PROJECT SUMMARY

DOMINICAN REPUBLIC PROGRAM TO SUPPORT THE TRANSPARENCY AND INTEGRITY AGENDA IN THE DOMINICAN REPUBLIC (DR-L1150)

Financial Terms and Conditions						
Borrower:			Flexible Financing Facility ^(a)			
Dominican Republic			Amortization period:		25 years	
Executing agency:			Disbursement period:		5 years	
The borrower, acting through the Ministry of Finance Co-executing agency: Office of the Comptroller General of the Republic (CGR)			Grace period:		6 years ^(b)	
Loan modality: Specific investment loan (INV)						
Source	Amount (US\$)	%	Interest rate:		SOFR-based	
IDB (Ordinary Capital):	60,000,000	100	Credit fee:		^(c)	
			Inspection and supervision fee:		^(c)	
Total:	60,000,000	100	Weighted average life:		15.25 years	
			Approval currency:		U.S. dollars	
Project at a Glance						
Project objective/description: The general objective of the program is to strengthen transparency, accountability, and integrity in public resource management. The specific development objectives are: (i) to consolidate transparency and traceability in the management of resources; (ii) to strengthen the internal control function; and (iii) to promote access to information, citizen participation, and integrity in public administration and the private sector.						
Special contractual conditions precedent to the first disbursement of the loan: (i) the approval and entry into effect of the program Operating Regulations previously agreed upon with the Bank; (ii) the appointment or hiring of key staff for program execution, for the Ministry of Finance: (a) a general program coordinator; (b) a financial specialist; and (c) a procurement specialist; and for the Office of the Comptroller General of the Republic (CGR): (d) a coordinator for Component 2; (e) a financial specialist; and (f) a procurement specialist, in accordance with the profiles and terms of reference approved by the Bank; and (iii) the signature and entry into effect of a subsidiary agreement between the Ministry of Finance and the CGR that describes the parties' obligations with respect to program execution (paragraph 3.6).						
Special contractual conditions of execution: Prior to the start of execution of Subcomponent 1.3, the Ministry of Finance will sign a formal agreement with the Ministry of Economic Affairs, Planning, and Development (MEPyD), and prior to the start of execution of Component 3, it will sign a formal agreement with the Office of the President of the Dominican Republic (MINPRE), in order to establish the parties' roles and responsibilities with respect to program implementation (paragraph 3.7).						
Exceptions to Bank policies: None.						
Strategic Alignment						
Challenges: ^(d)	SI <input type="checkbox"/>		PI <input checked="" type="checkbox"/>		EI <input type="checkbox"/>	
Crosscutting themes: ^(e)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>		IC <input checked="" type="checkbox"/>	
Sustainable Development Goals: ^(f)	SDG1 <input type="checkbox"/> SDG2 <input type="checkbox"/> SDG3 <input type="checkbox"/> SDG4 <input type="checkbox"/> SDG5 <input checked="" type="checkbox"/> SDG6 <input type="checkbox"/> SDG7 <input type="checkbox"/> SDG8 <input type="checkbox"/> SDG9 <input type="checkbox"/> SDG10 <input checked="" type="checkbox"/> SDG11 <input type="checkbox"/> SDG12 <input type="checkbox"/> SDG13 <input checked="" type="checkbox"/> SDG14 <input type="checkbox"/> SDG15 <input type="checkbox"/> SDG16 <input checked="" type="checkbox"/> SDG17 <input type="checkbox"/>					

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

^(f) SDG (Sustainable Development Goal). For more information on the SDGs, go to <https://sdgs.un.org/goals>. To consult the IDB Group's SDG classification methodology for projects, go to www.iadb.org/sdgs.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Macroeconomic context.** Over the 2009-2019 period, the Dominican Republic posted real economic growth of 5.2% annually, above the 1.6% average for Latin America and the Caribbean. However, the impact of COVID-19 caused the gross domestic product (GDP) to contract by 6.7% in 2020. Since then, the Dominican economy has demonstrated a robust recovery, with growth of over 10% of GDP. The factor that contributed most to this growth is private investment, particularly the construction sector, in addition to free-trade zones and a gradual return to normalcy in the tourism sector.¹
- 1.2 In emergency situations, governments need to generate strong momentum to reignite their economies through investment and public procurement, especially in the construction and infrastructure sectors.² According to the literature,³ integrity risks are likely to increase in such contexts, compounded by institutional weaknesses and ineffective controls. The lack of appropriate channels for reporting irregularities and ensuring citizen participation also contributes negatively. Another problem that exacerbates integrity risks is the lack of information or opacity regarding beneficial owners. The identities of beneficial owners in companies, trusts, and other legal arrangements are often unknown or concealed behind intermediary individuals or entities.
- 1.3 **Progress and challenges in the area of transparency and integrity.** The country has taken various measures to strengthen the regulatory and institutional framework in this area. In 2001, it introduced the Code of Ethics and Conduct for Civil Servants by virtue of Law 120-01. In 2004, it enacted Law 200-04 on free access to public information. In 2017, it issued Decree 143-17 on the creation of public ethics commissions and their operating regulations and passed Law 155-17 on anti-money laundering and combating the financing of terrorism (AML/CFT). In 2019, Resolution 02/19 was approved, which set forth the technical declaration of principles that formed the basis of the National System for Internal Control (SINACI); the Fiscal Transparency Portal (PTF);⁴ and participation in the MapalInversiones initiative.⁵ The Office of the President created the International Taxation Department in 2020, and the Digital Transformation Secretariat⁶ and Single Transparency Portal in 2021.⁷ This year, the preliminary draft bill of the Public Procurement Act is being prepared.⁸
- 1.4 In 2020, Decree 695-20 was issued, which created the Secretariat of Transparency, Prevention, and Control of Public Expenditure⁹ to promote policies,

¹ Central Bank of the Dominican Republic (BCRD).

² [Organisation for Economic Co-operation and Development \(OECD\)](#).

³ [Transparency and Integrity Sector Framework Document \(document GN-2981-2\)](#).

⁴ [Transparencia Fiscal](#).

⁵ [MapalInversiones](#).

⁶ Decree 71-21.

⁷ [Resolution 002-2021 of the Office of Government Ethics and Integrity \(DIGEIG\)](#).

⁸ [Office of Public Procurement \(DGCP\)](#).

⁹ [Decree 695-20](#).

guidelines, and mechanisms for addressing the challenges of ethics, transparency, efficiency, and effectiveness of public expenditure and investment. Despite this progress, however, challenges remain in ensuring effective implementation of these and other reforms, which is reflected by the country's low scores on various international indexes.¹⁰

- 1.5 **Problem addressed.** The main problem that this project will help solve is the limited transparency and accountability in public resource management, which hinders the control of corruption.¹¹ The causes of this problem include:
- 1.6 **Limited transparency and traceability in the public resource management.** This cause can be divided into four interrelated subfactors:
 - a. **Financial management.** Transparency in the management of public finances is hindered by the following: (i) low interoperability between the Financial Management Information System (SIGEF), the information and monitoring system of the National Public Investment System (SNIP), and the Public Procurement Transaction Portal,¹² which leads to difficulties in linking contracts with investment projects, carrying out appropriate monitoring, and applying internal control mechanisms; and (ii) limited usability of the Fiscal Transparency Portal (PTF), where information on the budget, revenues, expenditures, public investment, public financing, and public procurement is presented in a fragmented manner and in a format that is not very user-friendly for citizens.¹³
 - b. **Public procurement.** The transparency and traceability of resources to be used for public procurement are diminished by: (i) the electronic system's limited capacity to include most government entities and cover the full cycles of different public procurement methods;¹⁴ (ii) limitations in sending automatic alerts about integrity and efficiency risks and irregularities;¹⁵ (iii) inefficiencies in procurement processes due to the lack of professional development and management of human resources in procurement units;¹⁶ and (iv) limited

¹⁰ [Summary of International Transparency and Integrity Indicators.](#)

¹¹ The score on the World Bank's Control of Corruption Index (-0.76; range -2.5 to 2.5) is below the average for Latin America and the Caribbean (-0.27), and well below that of high-income OECD countries (1.08), 2019.

¹² At present, the subsystems for public resource management are interoperable largely due to the exchange of records between entities. There are a series of incomplete interfaces, such as the Financial Management Information System (SIGEF), the Ministry of Economic Affairs, Planning, and Development (MEPyD), and the Procurement Portal, among others ([optional link 4](#)).

¹³ [Optional link 4.](#)

¹⁴ According to the DGCP, only 327 of more than 600 procuring entities use the electronic system. Of total spending on food purchases recorded by the Budget Office (DIGEPRES), only 11% was recorded in the electronic procurement portal. Source: DGCP.

¹⁵ Based on an ex post data analysis, the DGCP found indications of a potential risk of "related bids" (two or more bidders that have the same shareholders) in 1.51% of the procurement processes surveyed.

¹⁶ According to DGCP data, around 7% of processes are not awarded due to shortcomings in the preparation of the terms of reference and specifications that could be prevented by effective training for human resources in the procurement units.

mechanisms for processes to incorporate a socially-driven focus that takes into account gender,¹⁷ diversity,¹⁸ and environmental considerations.

- c. **Public investment system.** The SNIP information and monitoring system does not provide reliable information on the execution status of investment projects¹⁹ or monitor the physical execution of projects by component, works, or activity. It does not provide complete, up-to-date information on changes to the scope or nature of projects during execution, nor the level of accuracy needed for the georeferenced data that it provides. The SNIP is not able to issue early warnings that facilitate timely decision-making and is not functioning as a management and accountability tool for the executing agencies working on investment projects. Lastly, the system lacks mechanisms for ex post evaluation of investment projects that would provide feedback for the formulation and ex ante evaluation of future investment projects.
 - d. **Beneficial ownership register.** In spite of the progress achieved, there is still considerable room to improve the country's regulations on beneficial owners. The Dominican Republic lacks regulations that are in line with international standards (such as those of the Financial Action Task Force), and has no change management strategy in place to support the development of such standards. This is reflected by the fact that the Mutual Evaluation Report for the Dominican Republic (Financial Action Task Force of Latin America, 2018) placed the country under "enhanced monitoring," which only applies to member countries whose AML/CFT systems have significant deficiencies (in terms of technical compliance or effectiveness). The report concluded that the beneficial ownership identification requirement needs to be expanded to include natural persons who have final effective control over legal persons or arrangements.²⁰
- 1.7 There are weaknesses in the internal control system of the Office of the Comptroller General of the Republic (CGR) owing to:
- a. **Organizational structure.** The CGR's present structure and regulatory framework date back to 2007 and do not match the configuration that the office needs to carry out substantive control functions²¹ efficiently or perform the internal audit function. Core processes are focused on the formal review of legal and administrative requirements in the documents accompanying the approval requests, which leads to spotty enforcement of internal control standards, policies, and procedures that is not in line with international good practices. Most of the workload is concentrated in certifying contracts and reviewing and approving the corresponding payments. These reviews and

¹⁷ [DGCP data \(2021\)](#) indicate that women-led companies represent only 25% of the companies in the supplier registry, 27% of awarded contracts, and 20% of total awards. In the case of micro, small, and medium-sized enterprises (MSMEs) led by women, the award rate drops to 7.64% ([optional link 2](#)).

¹⁸ The [DGCP Transaction Portal](#) and the [supplier tutorials](#) are not accessible to persons with disabilities.

¹⁹ According to the MEPyD, 18% of projects for the 2016-2021 period do not include information on execution status. For most of the remaining 82%, there is no correlation between physical progress and financial information ([optional link 4](#)).

²⁰ [Mutual Evaluation Report, 2018](#).

²¹ Regulatory, process, prior, and compliance control pursuant to [Law 10-07](#), which establishes the National System for Internal Control (SINACI).

approvals constitute additional work that CGR staff performs,²² which has affected the CGR's capacity to conduct internal audits (which are still being developed) and increase its efficiency as the lead oversight agency of the National System for Internal Control (SINACI).

- b. **Competencies and human resources.** According to the strategic institutional plan for the CGR, its human resources have not updated their knowledge of basic internal control standards. For example, few CGR auditors have national and international certifications, and there is little expertise in how to conduct forensic audits, among others. In addition, the auditors provide advisory services on an infrequent basis to government entities regarding the implementation of basic internal control standards, amounting to barely one advisory service per government entity per year.²³
 - c. **Information systems.** The internal control system primarily functions through the exchange of physical documents and has a low level of interoperability with the information systems of the lead agencies for public resources management, including the Financial Management Information System (SIGEF), the Office of Public Procurement (DGCP), and the National Public Investment System (SNIP). This hinders the automatic linking of a public investment project record, the corresponding contracts, the number and value of payments made, and changes to the original amounts and does not make it possible to see the outstanding payment balance. In addition, the CGR does not have an information system for integrated risk management or appropriate cybersecurity controls.²⁴
- 1.8 The following are some of the challenges related to access to information, citizen participation, and integrity in public administration and the private sector:
- a. **Corruption prevention and control.** Although there is a code in place with guidelines for ethical behavior: (i) there is no regulatory framework aligned with international good practices, nor is there a digital system for managing conflicts of interest; (ii) there are no rules protecting whistleblowers; (iii) not all entities have created their Government Integrity and Regulatory Compliance Commissions (CIGCNs),²⁵ and these lack effective training to help them carry out their duties;²⁶ (iv) there is no approach based on the prevention of corruption; and (v) there are few integrity programs in the private sector.
 - b. **Citizen participation.** The government has limited tools for promoting citizen participation, which is compounded by the lack of attention to women and diverse groups.²⁷ It also lacks methodologies for conducting investigations and

²² In the case of contract certification, an estimated 55% of activities lack added value, and in the case of payment authorization, this figure rises to 82%. [Consultant Report \(2021\)](#).

²³ [Estadística de Producción Servicio](#). Excel file provided to the IDB in July 2021.

²⁴ [Optional link 4](#).

²⁵ The CIGCNs replace the Public Ethics Commissions. See [Decree 791-21](#).

²⁶ According to the DIGEIG, out of a total of 326 entities, only 226 CIGNs have been created. These lack training plans, apart from those for individual conferences.

²⁷ The Fourth Open Government Action Plan (2018-2020) does not contain commitments related to women or gender equality, nor does it incorporate gender and diversity in a crosscutting manner in current commitments ([optional link 2](#)).

monitoring and responding to citizen complaints of administrative corruption, as there is no portal for collecting complaints and statistics.²⁸

- c. **Transparency and access to information.** Challenges in this area include the following: (i) the Public Information Access System (SAIP) and the Open Data Portal are not centralized with the Single Transparency Portal and lack specific features allowing them to fulfill their mandates more efficiently;²⁹ (ii) the Open Data Portal has limited capacity for incorporating most government entities;³⁰ (iii) neither the SAIP nor the Open Data Portal are accessible to persons with disabilities; and (iv) the DIGEIG lacks tools and resources for training its own employees and other stakeholders that it engages with (the CIGCNs, other civil servants, information access officers (RAIs)); a strategy for citizen communication; and a gender and diversity focus.

- 1.9 **Program design strategy.** This program is based on the lines of action in the Transparency and Integrity Sector Framework Document.³¹ It is premised upon the notion that a country's transparency and integrity agenda is multidimensional, as it seeks to optimize the legal and regulatory framework, institutional capacity and human resources, and digital technologies. The agenda must also include the participation of the main actors involved in public resource management. Lastly, the interoperability between systems for budgeting, public procurement, public investment, and internal control plays a central role.
- 1.10 It is also important to identify early gains, such as: (i) the optimization of an early warning system to detect potential irregularities in public procurement, and the preparation of a price list; (ii) the design and implementation of a system to manage conflicts of interest; (iii) the implementation of modules on local government and State-owned enterprises in the PTF; (iv) the optimization of the Ministry of Finance's fiscal and financial management dashboard; (v) the reengineering of processes in the CGR; (vi) the design of a beneficial ownership register and a pilot for implementation; and (vii) the creation of a system for monitoring and responding to citizen complaints.
- 1.11 **Lessons learned.** The main lessons learned from the IDB's work on transparency and integrity in the region are as follows:³² (i) consider economic policy and strengthen interagency coordination; (ii) engage political leadership at the highest level; (iii) take into account the existing institutional capacity of the entities involved, and clearly sequence and prioritize actions; and (iv) recognize that the use of digital technologies increases transparency, enhances the effectiveness of oversight bodies, facilitates data analysis, and helps optimize processes.
- 1.12 These lessons have been incorporated into the program in the following manner: (i) the program was designed on the basis of anticorruption measures and priority institutional reforms defined by the executive branch; (ii) the activities were

²⁸ According to DIGEIG statistics, 328 complaints were received from July 2020 to July 2021. In 2020, only 32 cases were investigated, and it took an average of 8 months and 19 days to resolve them.

²⁹ The DIGEIG is not able to verify the result of an access to information request that has been submitted to an entity.

³⁰ The Open Data Portal contains errors that prevent entities from uploading their databases ([optional link 4](#)).

³¹ [Transparency and Integrity Sector Framework Document \(document GN-2981-2\)](#).

³² [4443/OC-CO](#); [3593/OC-CO](#); [4802/OC-AR](#); [2977/OC-CO](#); [4428/OC-PE](#), [4428/OC-PE-1](#), [4428/OC-PE-2](#); [2919/OC-BR](#); and [2216/BL-BO](#).

identified in conjunction with the entities involved through diagnostic assessments of institutional, technological, and human resource capacities. In addition, a sequence of activities was established for each component and subcomponent to achieve the objectives, and early gains were identified; and (iii) the program contemplates a variety of actions focused on the use of digital technologies, both to improve processes within entities and strengthen their interoperability. It also took into account the lessons learned from the Fifth Meeting of the Public Integrity Network on Transparency, Integrity, and Participation in the Digital Era.³³

- 1.13 **The country's strategy in the sector.** The government issued the 2030 National Development Strategy, in which general objective 1.1 is "efficient, transparent, and results-oriented public administration." Specific objective 1.1.1 points to the need to "structure an efficient public administration that acts with honesty, transparency, and accountability and focuses on obtaining results that benefit society and national and local development." The current government also promulgated the Strategic Guidelines of the Multiyear National Plan for the Public Sector 2021-2024.³⁴ The plan encompasses policies and programs with which this operation is aligned, including: (i) gender equality; (ii) a modern and institutional State; and (iii) environmental sustainability and climate change.
- 1.14 **The IDB Group country strategy.** The program fits within the IDB Group Country Strategy with the Dominican Republic 2021-2024 (document GN-3084), one of the strategic objectives of which is to improve the quality of the civil service and enhance transparency in public management through increased transparency in public resource management. The operation is part of the Update of the Annex III of the 2021 Operational Program Report (document GN-3034-2) and 2022 Indicative Pipeline.
- 1.15 **Complementarity with other programs.** This operation is complementary with the Program to Enhance the Efficiency of Tax Administration and Public Expenditure Management ([4114/OC-DR](#), [4114/OC-DR-1](#), [4114/OC-DR-2](#), US\$50,000,000, 2017), especially since it will provide financing to improve interoperability and strengthen systems for public procurement and the monitoring and evaluation of public investment. These measures will complement and create synergies with activities to strengthen the management of public finances being supported by [4114/OC-DR](#), [4114/OC-DR-1](#), [4114/OC-DR-2](#). The operation is also complementary with the Program to Strengthen Civil Service Management ([5315/OC-DR](#), US\$30,000,000, 2021), which aims to improve the quality and reliability of payment of the wage bill, a key element for transparency and control activities.
- 1.16 **Technical cooperation.** With support from the Transparency Trust Fund, the Bank is preparing a technical cooperation operation to support the preparation and launch of this operation by building knowledge and generating technical inputs, particularly for Components 1 and 2. In addition, the Bank has a regional technical cooperation operation to support the client (ATN/AA-18711-RG), "Support for Open Government Policies in Latin America and the Caribbean," which will produce studies aligned with Component 3 that can be used during program preparation.

³³ [DIGEIG](#).

³⁴ [MEPyD](#), September 2021.

B. Objectives, components, and cost

- 1.17 **Objective and scope.** The general development objective of the operation is to strengthen transparency, accountability, and integrity in public resource management. The specific development objectives are: (i) to consolidate transparency and traceability in the management of resources; (ii) to strengthen the internal control function; and (iii) to promote access to information, citizen participation, and integrity in public administration and the private sector.
- 1.18 **Component 1. Transparency and traceability in the management of resources (US\$36,867,000).** This component will contribute to the objective of consolidating transparency and traceability in the management of resources.
- 1.19 **Subcomponent 1.1. Transparency in public finances.** This subcomponent will finance: (i) technical assistance for near-term implementation of interoperability between the budget, investment projects, procurement processes, and contracts using existing mechanisms, including the creation or improvement of web services and changes to existing systems; (ii) the architecture and implementation of interoperable processes in the Ministry of Finance, the Ministry of Economic Affairs, Planning, and Development (MEPyD), the DGCP, and the CGR;³⁵ (iii) improvements to the PTF, including usability, navigation, and accessibility for persons with disabilities, which would start by carrying out two pilot projects to incorporate information into the portal regarding resource management in local governments and State-owned enterprises; (iv) improvements to the Ministry of Finance's fiscal and financial management dashboard; and (v) the development of a strategy for change management, communications, and deployment of processes.
- 1.20 **Subcomponent 1.2. Efficiency in public procurement.** This subcomponent will finance: (i) the modernization of the electronic procurement system, so that it has the capacity to cover all entities and the entire procurement cycle; (ii) interoperability between the SIGEF, the MEPyD, and the CGR; (iii) strengthening of the early warning system,³⁶ including a price list; (iv) the creation of a model for the professional development and management of human resources, in line with a vision for more efficient, transparent, and sustainable public procurement; (v) the preparation and implementation of a strategy³⁷ to promote the participation of women-led companies in procurement processes; and (vi) the inclusion of accessibility for persons with disabilities in all modules of the electronic procurement system.
- 1.21 **Subcomponent 1.3. Improvement of efficiency in the management of public investment.** This subcomponent will finance: (i) the design and implementation of a system to monitor and evaluate public investment, including the design and implementation of processes, organizational structures, rules, methodologies, software development, technology services, support, licensing, and training; and

³⁵ Using guidelines from the Government Office for Information and Communication Technologies (OGTIC), as part of the 2030 Digital Agenda, coordinated by the Office of the Deputy Minister for the Digital Agenda within the MINPRE. Illustration 10 in [optional link 4](#) shows the interoperability design that will be built by the program.

³⁶ A gender indicator will be included to identify the procurement units that award fewer contracts to women, in terms of number and value.

³⁷ In line with [Gender Mainstreaming in the Transparency Fund](#) .

- (ii) changes to the existing public investment information system to make it interoperable with the electronic systems of the DGCP, the SIGEF, and the CGR.
- 1.22 **Subcomponent 1.4. Financial integrity.** This subcomponent will finance: (i) the design and implementation of a beneficial ownership register of legal persons and structures, in line with international standards,³⁸ which will include a pilot project to identify opportunities for improvement in upcoming phases of implementation; and (ii) development of a strategy for change management, communications, and deployment for the register, including training for government entities, as well as persons bound by and users of the register.
- 1.23 **Component 2. Strengthening of the internal control system (US\$10,480,000).** This component will help achieve the objective of strengthening internal control.
- 1.24 **Subcomponent 2.1. Modernization of the management model and organizational structure of the CGR.** This subcomponent will finance: (i) the development of a proposal to change the management model and organizational structure of the CGR, in line with international best practices; (ii) the digital transformation of the ex ante control model; (iii) the reorganization of the functions, responsibilities, and staff of the CGR and internal control units, in line with the changes proposed in (i) and (ii); and (iv) the development of a change management strategy to implement a comprehensive framework for internal control and digital transformation.
- 1.25 **Subcomponent 2.2. Development of internal control competencies.** This subcomponent will finance: (i) the dimensioning and management of competency gaps, in accordance with the new management model; (ii) the certification of the CGR and its auditors based on national and international standards; and (iii) CGR technical assistance to the entities it audits.
- 1.26 **Subcomponent 2.3. Digital technologies for transparency and control in the appropriate use of public resources.** This subcomponent will finance: (i) functional modules for the digital transformation of the internal control model; (ii) the development of cybersecurity controls; (iii) an interoperability model that integrates the systems of the SIGEF, the MEPyD, the DGCP, and the CGR, in coordination with these entities (Component 1); (iv) the information system for comprehensive risk management in internal control processes; (v) algorithms for the analytical model for managerial decision-making; and (vi) the information analysis system on integrity in public resource management.
- 1.27 **Component 3. Promotion of access to information, citizen participation, and integrity in public administration and the private sector (US\$7,205,000).** This component will contribute to the objective of promoting access to information, citizen participation, and integrity in public administration and the private sector.
- 1.28 **Subcomponent 3.1. Public innovation for integrity and prevention of corruption.** This subcomponent includes: (i) a diagnostic assessment of regulations in force, and a proposal for a preliminary draft of a bill to address integrity, conflict of interest, and the protection of whistleblowers who report acts of corruption; (ii) a system for managing conflicts of interest, in coordination with

³⁸ This will take into account the Bank's combined work on compliance with the financial and fiscal transparency standards of the Financial Action Task Force and the Global Forum. See [Building Effective Beneficial Ownership Frameworks. A Joint Global Forum and IDB Toolkit](#). OECD.

the CIGCNs; (iii) methodologies for identifying, analyzing, and managing systemic corruption risks; (iv) compliance and corporate integrity programs for the private sector; and (v) a system for monitoring the country's commitments to international bodies and initiatives for open government, and prevention and control of corruption.

- 1.29 **Subcomponent 3.2. Participation, citizen oversight, and management of complaints of administrative corruption.** This subcomponent includes: (i) methodologies for conducting investigations and monitoring and responding to citizen complaints; and (ii) tools to facilitate and promote citizen participation in the design and oversight of various public policies, with a gender and diversity focus.³⁹
- 1.30 **Subcomponent 3.3. Innovation for transparency and access to information.** This subcomponent will finance the portal for transparency, open data, access to information, and open government. It includes the Single Transparency Portal and centralizes the open data, open government, DIGEIG, and SAIP portals, with accessibility for persons with disabilities.
- 1.31 **Subcomponent 3.4. Communication and training for transparency and integrity.** This subcomponent includes: (i) a communication program to raise awareness among citizens regarding DIGEIG aims, activities, and results; and (ii) training in new DIGEIG management modalities for the CIGCNs and the RAIs.
- 1.32 **Management, auditing, and evaluation (US\$5,448,000).** This will finance the project's auditing and evaluation costs, as well as the operating costs of the program coordination unit (PCU) in the Ministry of Finance and the project execution unit (PEU) in the CGR.
- 1.33 Eligible costs that will be financed by the program include specialized consulting services, as well as nonconsulting goods and services (including the procurement of equipment, software, and training) ([required link 1](#)).
- 1.34 **Main results indicators, benefits, and beneficiaries.** The main expected results are greater transparency and accountability in public resource management, owing to: (i) enhanced systems for public investment and procurement; (ii) optimized internal controls; and (iii) consolidated mechanisms for transparency, access to information, and citizen participation. The principal beneficiaries will be the citizens of the Dominican Republic, who will have a public administration that manages public resources in a more efficient and transparent manner and provides information to assist with citizen oversight. Additional beneficiaries include the entrepreneurs participating in the government procurement system, as they will have more transparent and efficient online mechanisms for submitting their bids. In particular, micro, small, and medium-sized enterprises (MSMEs) led by women will benefit by having new tools for accessing government procurement processes (paragraph 1.36). Lastly, the civil servants in the Ministry of Finance, the CGR, the MEPyD, and MINPRE will benefit by having stronger institutional capacities and technological tools to help them fulfill their responsibilities.

C. Strategic alignment

- 1.35 The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the development challenge of productivity and innovation due to the use of digital information and artificial

³⁹ [Optional link 2](#).

intelligence technologies for transparency and control. It is also aligned with the crosscutting themes of: (i) gender equity, through the inclusion of actions to incentivize access to information and participation in public procurement; (ii) diversity, through the inclusion of actions to incentivize access to information and participation in public procurement by diverse groups, with emphasis on persons with disabilities; (iii) climate change, through the procurement of services, software, and infrastructure that are energy efficient and have a small carbon footprint; (iv) environmental sustainability, through the inclusion of green procurement criteria in the electronic public procurement system; and (v) institutional capacity and rule of law, specifically government efficiency and rule of law, mainly by contributing to compliance with international standards and commitments, as well as to the promotion of open government and transparency by leveraging technology use. The operation will contribute to the indicators in the Corporate Results Framework 2020-2023 (document GN-2727-12) pertaining to: (i) agencies with strengthened transparency and integrity practices; (ii) countries with strengthened tax and expenditure policy and management; (iii) agencies with strengthened digital technology and managerial capacity; and (iv) countries with strengthened gender equality and diversity policy frameworks. It is also consistent with the Transparency and Integrity Sector Framework Document (document GN-2981-2), which states that institutional quality and transparency are critical for fostering democratic governance, effective public service delivery, and a favorable business climate (paragraph 1.9). Lastly, it is aligned with the IDB's Vision 2025 by strengthening good governance and institutions to achieve sustainable and inclusive economic growth.

- 1.36 **Gender and diversity considerations.** The program will finance actions to facilitate and promote the participation of women and diverse groups (with emphasis on persons with disabilities) in public procurement (Component 1) and mechanisms for access to information and citizen participation (Component 3). [Optional link 2](#) describes the proposed actions, which include: (i) the preparation and implementation of a strategy to promote the participation of women-led companies in public procurement processes; (ii) accessibility for persons with disabilities in the electronic procurement system and the Single Transparency Portal; (iii) the definition of data and metadata governance for the Single Transparency Portal to allow for disaggregation by gender and diversity variables; and (iv) the development and implementation of tools for citizen participation in the design and citizen oversight of public policies with a gender and diversity focus.

D. Feasibility analysis

- 1.37 **Technical feasibility.** The program is supported technically by four pillars: (i) the IDB's experience in the design and execution of programs for transparency and integrity, as well as strengthening of public financial administration and procurement and public investment systems; (ii) alignment with international standards; (iii) recognition of opportunities for improvement based on the legal framework, existing human resources, and strategic plans of the entities; and (iv) leveraging of government platforms to promote interoperability.
- 1.38 **Socioeconomic feasibility.** The program's benefits result from the savings generated by improved traceability, management, and control of public resources. The economic analysis yielded a cost-benefit ratio of US\$2.00 per dollar invested, an internal rate of return (IRR) of 32.6% (above the 12% threshold established by

the Bank), and a net present value of US\$47.5 million. Under the more conservative scenario, social IRR is equal to 15.3%, and the cost-benefit ratio is US\$1.10. Under the more favorable scenario, social IRR equals 48.2%, with a cost-benefit ratio of US\$3.00. Thus, the program has a high rate of social return even under conservative scenarios ([optional link 1](#)).

- 1.39 **Environmental and social feasibility.** Achievement of the program's objectives requires investments in new hardware and software systems, among others. Through the procurement of goods and services that are energy efficient and have a small carbon footprint, the project will reduce energy use and greenhouse gas emissions, as compared with the scenario without the project. In addition, greenhouse gas emissions will decline as a result of the support provided for changes to institutions, processes, and systems, which, in conjunction with training activities, will drive green and sustainable procurement. According to the [joint methodology of the multilateral development banks](#), these investments in mitigation activities represent an estimated 5.92% of the operation's resources, which contribute to the IDB's climate financing target (30% of the volume of annual approvals).
- 1.40 **Institutional and financial feasibility.** The Bank conducted an institutional capacity assessment for the Ministry of Finance as the executing agency and the CGR as the coexecuting agency. The main conclusions are that both agencies have the basic conditions in place for program execution. However, the analysis identified the following relevant considerations, which were taken into account in the design: (i) in light of the program's technical- and coordination-related complexities, the Ministry of Finance needs to bolster its capacities considerably with skilled human resources, methodologies, and procedures and tools for project management and technical and fiduciary administration, ensuring that the governance model enables efficient processes and swift decision-making; and (ii) given that the CGR does not have recent experience in executing investment projects, it needs to develop capacities, work methodologies, procedures, and a governance model that enables efficient and effective project management and technical and fiduciary administration of the component for which it is responsible. Based on the foregoing, the following steps have been defined: (i) establish a mechanism to position the project teams strategically within each entity so that they report to the agency's highest authority (Minister of Finance and Comptroller General); and (ii) provide additional support to both agencies for project management and technical and fiduciary administration, to ensure proper application of Bank policies. To that end, financing will be provided to contract technical support for the various outputs, administrative and financial consultants who will join the project teams in both entities, and technical assistance in project administration, to help the management units in both entities with program management and administration.
- 1.41 With respect to financial feasibility, counterpart resources are not anticipated for this operation, and the country has demonstrated that it has sufficient fiscal resources to fulfill its payment obligations to the Bank, as well as operate and maintain the technology infrastructure generated by the loan.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Financing modality and structure.** The total cost of the program is US\$60 million, financed entirely with a specific investment loan from the Bank's Ordinary Capital. This modality is consistent with other institution-strengthening projects in the region and is justified by the complexity and implementation period of the reforms. Table 1 shows the distribution of this financing between the Ministry of Finance and the CGR ([optional link 3](#)).

Table 1. Estimated program costs (US\$ thousands)

Components/subcomponents	Ministry of Finance	CGR	Total	%
Component 1. Transparency and traceability in the management of resources	36,867	-	36,867	61.4
Subcomponent 1.1. Transparency in public finances	6,997	-	6,997	11.7
Subcomponent 1.2. Efficiency in public procurement	15,750	-	15,750	26.3
Subcomponent 1.3. Improvement of efficiency in the management of public investment	8,000	-	8,000	13.3
Subcomponent 1.4. Financial integrity	6,120	-	6,120	10.2
Component 2. Strengthening of the internal control system	-	10,480	10,480	17.5
Subcomponent 2.1. Modernization of the management model and organizational structure of the CGR	-	2,345	2,345	3.9
Subcomponent 2.2. Development of internal control competencies		790	790	1.3
Subcomponent 2.3. Digital technologies for transparency and control in the appropriate use of public resources	-	7,345	7,345	12.2
Component 3. Promotion of access to information, citizen participation, and integrity in public administration and the private sector	7,205	-	7,205	12.0
Subcomponent 3.1. Public innovation for integrity and prevention of corruption	2,000	-	2,000	3.3
Subcomponent 3.2. Participation, citizen oversight, and management of complaints of administrative corruption	1,300	-	1,300	2.2
Subcomponent 3.3. Innovation for transparency and access to information	3,325	-	3,325	5.5
Subcomponent 3.4. Communication and training for transparency and integrity	580	-	580	1.0
Management, auditing, and evaluation	3,998	1,450	5,448	9.1
Program management	3,598	1,450	5,048	8.4
Program audits	250	-	250	0.4
Ex post economic analysis and evaluations	150	-	150	0.3
Total	48,070	11,930	60,000	100.0

Note: The amounts by subcomponent are indicative.

- 2.2 **Disbursement schedule.** The five-year disbursement period (Table 2) was determined on the basis of the following criteria: (i) the average time it takes to design and implement the proposed program activities; (ii) alignment with the timeframe of the National Development Strategy; and (iii) the client's request to execute as many program activities as possible during this period, due to the synergies that may be generated with other reforms being carried out to strengthen the current government's transparency and integrity agenda.

Table 2. Disbursement schedule (US\$ millions)

Components	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	5.20	12.87	14.85	18.68	8.40	60.0
%	8.7	21.4	24.8	31.1	14.0	100

B. Environmental and social risks

- 2.3 No environmental or social risks associated with the program are anticipated. In accordance with Directive B.3 of the Bank's Environment and Safeguards Compliance Policy (OP-703, GN-2208-20), the program has been classified as a category "C" operation.

C. Fiduciary risks

- 2.4 During program preparation, two medium-high fiduciary risks were identified: (i) difficulties or delays in complying with the operation's anticipated timeframe due to potential limitations in managing bidding processes and payments, as well as delays in preparing financial reports; and (ii) complex management of procurement processes, as different entities are involved in establishing the technical requirements and handling the selection and evaluation process. The first risk will be mitigated by training and hiring skilled staff that have experience with the procedures of multilateral organizations for procurement management and financial administration of projects. The Bank will provide support and training on topics related to procurement and financial reporting on executed resources, while the government will provide training on topics related to government financial management. The fiduciary team will continue the process of identifying risks and mitigation actions during project execution. The second risk will be mitigated by establishing a clear plan to define the roles and responsibilities of the various entities involved in preparing and managing procurement processes.

D. Other risks

- 2.5 In addition to the fiduciary risks, five other risks have been identified, two of which are medium-high and two of which are high, as described below.
- a. **Governance.** The two risks in this category are medium-high. The first risk is that if the beneficiary entities involved in the program do not commit to implementing the interfaces between the existing systems in year one of the program, then the systems of the Ministry of Finance, the MEPyD, the DGCP, and the CGR might not become interoperable or only become partially interoperable, which would not achieve the program objective of increasing the traceability of public resources. This risk is expected to be mitigated by: (i) establishing formal commitments through agreements between high-level authorities in the entities involved, specifically the Ministry of Finance, the CGR, the MINPRE, and the MEPyD, in order to define the parties' roles and responsibilities in program implementation, including the implementation of interfaces between existing systems; and (ii) setting up a strategic program committee, which will provide strategic guidelines on program execution, facilitate coordination between the entities involved, and generally supervise program performance. This committee will be composed of high-level representatives from the Ministry of Finance, the CGR, the MINPRE, and the MEPyD. The second risk is that if effective coordination mechanisms are not

put in place, there may be delays in the pace of program implementation. This risk is expected to be mitigated by: (i) establishing an execution mechanism whereby the PCU of the Ministry of Finance and the PEU of the CGR report directly to the agency's highest authority (Minister of Finance and Comptroller General, respectively); and (ii) setting up coordination mechanisms through technical working groups on specific topics.

- b. **Internal processes.** A medium-high risk was identified. If the required changes are not made to the SIGEF to have a minimum viable product, then it may not be possible to implement interoperability with the Ministry of Finance (budget process, project pipeline, public procurement system). As a result, the program objective of public resource traceability would not be achieved. This risk will be mitigated by: (i) ensuring financing for and execution of the minimum changes to the SIGEF with program 4114/OC-DR and/or Ministry of Finance treasury resources, so as to generate the conditions needed for implementation of the proposed program actions; and (ii) defining and agreeing upon common technical criteria for execution of the contracts for the two programs financed by the IDB and executed by the Ministry of Finance.
- c. **Institutional.** A high risk was identified. If the institutional actors responsible for the electronic systems in the Ministry of Finance, the MEPyD, the DGCP, and the CGR show resistance to change, then the systems will not be modified correctly to ensure traceability of public resources, thereby prolonging the execution timeframe. To mitigate this risk, change management strategies will be established in management models, policies, systems, or others, from start to completion, by carrying out training, communication, and awareness-raising activities, at a minimum.
- d. **Sustainability.** A high risk was detected. If the entities do not have the capacity to appropriately address the complexity of the actors, domains, and technical approach for the implementation of new technologies, the outputs may not be delivered by the proposed deadline and with a sufficient level of quality, affecting the achievement of program results. This will be mitigated by: (i) specialized technical assistance for the preparation of terms of reference and bidding documents for the more complex procurements, which includes definition of the scope, company profile, price-setting mechanism (fixed or variable), payment mechanism, service-level agreements, and penalties; (ii) the implementation of procurement strategies that minimize the number of consulting firms for the design and development/deployment of digital technologies; (iii) the investments in technological infrastructure must provide for maintenance service so as to ensure sustainability; and (iv) the investments in technologies must include cybersecurity considerations and the involvement of the technology departments of participating entities.

III. EXECUTION MECHANISM AND RESULTS MONITORING AND EVALUATION ARRANGEMENTS

A. Execution mechanism

- 3.1 **Borrower, executing agency, and guarantor.** The borrower will be the Dominican Republic. The executing agency will be the Ministry of Finance, and the coexecuting agency will be the Office of the Comptroller General of the Republic

(CGR), with full autonomy in fiduciary and technical matters. This means that the Ministry of Finance will be responsible for general program coordination and presentation of the semiannual consolidated progress reports and audited financial reports for the program. It will also be responsible for fiduciary management of all program resources, with the exception of those corresponding to the CGR (Component 2).

- 3.2 The Ministry of Finance, the MEPyD, and the MINPRE, acting through the DIGEIG, will be responsible for the technical management of all resources allocated to them, according to their purviews, and formalized through interagency agreements and internal resolutions of the Ministry of Finance, in the case of the Ministry's technical departments involved in the program. This means that fiduciary management will be centralized in the executing agency and coexecuting agency, while technical management will be deconcentrated among the entities and departments that are directly responsible for the activities, with support from the technical consultants hired with loan proceeds. The [program Operating Regulations](#) will establish the roles and responsibilities of each of the entities and identify which of their departments will be involved.⁴⁰ Until such time as the program becomes eligible, technical support will be provided on an ongoing basis to formalize the agreements on the roles and responsibilities of the various key entities involved in program execution, which will be reflected in the interagency agreements that will be signed.
- 3.3 A strategic committee will be set up with the following main functions: (i) establish strategic guidelines; (ii) provide general supervision of program performance; and (iii) ensure appropriate interagency coordination throughout program execution. The committee will be composed of the highest authorities of the Ministry of Finance, the CGR, the MEPyD, and the MINPRE, or their direct representatives. Other actors may also be included, as agreed during program execution. The committee's operations will be governed by the [program Operating Regulations](#). Additionally, to facilitate coordination among the entities responsible for technical management when more than two are involved, specific technical working groups will be set up, whose functions will be described in the [program Operating Regulations](#).
- 3.4 The Ministry of Finance will set up a program coordination unit (PCU) that will report to the ministry's highest authority (Minister of Finance) and comprise a general program coordinator, component coordinators, a planning and monitoring specialist, a procurement specialist, a financial specialist, and support officers. The PCU will be responsible for general management, planning and comprehensive monitoring of the program, fiduciary management and communications, and coordination of technical management. For its part, the CGR will set up a project execution unit (PEU) that will be responsible for the execution of Component 2 and will report to the highest authority of the CGR (Comptroller General). The PEU will comprise a project coordinator, a planning and monitoring specialist, a procurement specialist, a financial specialist, and support officers.
- 3.5 **Program Operating Regulations.** The [program Operating Regulations](#) will set out guidelines, standards, and procedures for the program and describe the execution mechanism. It will also include: (i) the project's organizational framework, including

⁴⁰ [Optional link 6](#) includes a draft of the Assignment of Responsibilities Matrix that will be developed in the [program Operating Regulations](#).

- the technical working groups; (ii) the workflows and internal controls detailing the applicable requirements and procedures for program execution; (iii) the specific responsibilities of each of the two PEUs, which will differ between the executing agency and coexecuting agency; (iv) the plan for programming, monitoring, and evaluating the results; and (v) guidelines for the financial, audit, and procurement processes. The annexes to the program Operating Regulations will include, at a minimum: (i) the results matrix; (ii) the fiduciary agreements and requirements; (iii) the [monitoring and evaluation plan](#); and (iv) the itemized budget.
- 3.6 **Special contractual conditions precedent to the first disbursement of the loan:** (i) the approval and entry into effect of the [program Operating Regulations](#) previously agreed upon with the Bank; (ii) the appointment or hiring of key staff for program execution, for the Ministry of Finance: (a) a general program coordinator; (b) a financial specialist; and (c) a procurement specialist; and for the Office of the Comptroller General of the Republic (CGR): (d) a coordinator for Component 2; (e) a financial specialist; and (f) a procurement specialist, in accordance with the profiles and terms of reference approved by the Bank; and (iii) the signature and entry into effect of a subsidiary agreement between the Ministry of Finance and the CGR that describes the parties' obligations with respect to program execution. These measures are necessary since, based on the Bank's experience in the region, the approval of the [program Operating Regulations](#) prior to the first disbursement supports the executing agency's internal structure for successful implementation of the operation. Additionally, the program must have staff in specific roles to achieve the proposed development objectives.
- 3.7 **Special contractual conditions of execution.** Prior to the start of execution of Subcomponent 1.3, the Ministry of Finance will sign a formal agreement with the Ministry of Economic Affairs, Planning, and Development (MEPyD), and prior to the start of execution of Component 3, it will sign a formal agreement with the Office of the President of the Dominican Republic (MINPRE), in order to establish the parties' roles and responsibilities regarding program implementation.
- 3.8 **Procurement of works, goods, and services.** Goods, works, and consulting services will be procured in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.9 **Disbursements.** The loan will be disbursed primarily through advances of funds or other modality established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12). Funds will be advanced according to a financial plan that covers the project's actual liquidity needs up to 180 days or other timeframe, as stipulated in document OP-273-12. With the exception of the first advance, all subsequent advances will be processed when at least 80% of the total funds received have been accounted for. For the purpose of managing the loan proceeds, the executing agency and coexecuting agency will open a special bank account at the Central Bank of the Dominican Republic (BCRD) to receive disbursements from the IDB and will manage the proceeds through subaccounts within the Treasury Single Account. As the executing agency, the Ministry of Finance will submit audited financial statements annually and at the end of the

operation, following the terms and deadlines required under the Bank's policies. The Ministry of Finance will select and hire a Bank-eligible independent auditing firm for the duration of the operation.

- 3.10 **Retroactive financing.** The Bank may retroactively finance from the proceeds of the investment loan, up to US\$9 million (15% of the proposed loan amount, disbursed) in eligible expenditures on tangible and intangible goods (hardware, software, licenses) and services (reviews of processes and organizational structure, studies, and analyses, among other key activities prior to loan execution), provided that requirements substantially similar to those established in the loan contract have been met and that the procurement procedures comply with the basic principles of procurement. Such expenditures will have been incurred on or after 3 November 2021 (the project profile approval date), but under no circumstances include expenditures incurred more than 18 months prior to the loan approval date (see the Bank Policy on the Recognition of Expenditures, Retroactive Financing, and Advance Procurement, document GN-2259-1).
- 3.11 **Auditing.** External auditing of the project will be conducted by an external auditing firm acceptable to the Bank. The independent external auditing firm will be hired and financed with program resources, in accordance with the procedures, terms of reference, and request for proposals that have received the Bank's no objection. During execution, the audited financial statements will be submitted within 120 days after the end of the fiscal year, pursuant to the financial management guidelines in document OP-273-6. The audited financial statements for program completion will be submitted within 120 days after the date of the last disbursement.

B. Results monitoring and evaluation arrangements

- 3.12 **Monitoring.** As the executing agency, the Ministry of Finance will monitor and control all project management processes through its planning and monitoring specialists. These processes will include, at a minimum: (i) monitoring and reporting on progress in program execution; (ii) monitoring and reporting on program performance towards fulfillment of annual physical and financial targets; (iii) monitoring of execution of the procurement plan; (iv) monitoring of risk management documents; (v) monitoring of the traceability of outputs and outcomes; (vi) updates to the program monitoring report; (vii) preparation of semiannual progress reports; (viii) the project completion report; and (ix) systematization of good practices and lessons learned for program completion. Meanwhile, the Bank will carry out technical and fiduciary supervision in the field using the following instruments: (i) the results matrix; (ii) the annual work plan; (iii) the [monitoring and evaluation plan](#); (iv) the [procurement plan](#); (v) the risk analysis; (vi) progress monitoring reports; (vii) semiannual progress reports; (viii) audited financial statements; (ix) terms of reference for consulting services; and (x) administration or supervision missions. A joint meeting will be held annually with the executing agency, the coexecuting agency, and the Bank to discuss, among other aspects: (i) progress on the activities identified in the annual work plan; (ii) the level of fulfillment of each component's indicators; (iii) the annual work plan for the following year; and (iv) the procurement plan for the next 18 months and potential changes to budget allocations by component (monitoring and evaluation plan).

- 3.13 **Evaluation.** The Results Matrix and the [monitoring and evaluation plan](#) will be the main documents used to conduct the program evaluation. The program contemplates a midterm evaluation, a final evaluation, and an ex post economic evaluation to address technical, administrative, and financial aspects. The midterm evaluation will be conducted once at least 50% of the loan proceeds have been disbursed, or three years after the effective date of the loan contract, whichever occurs first. The report will be submitted to the Bank within 60 days after completion. The principal objectives of the midterm evaluation are to review progress on all programmed activities for that period, possible deviations, and their causes; propose corrective measures; and verify the midterm outputs generated, the occurrence of risks identified in the corresponding matrix, and the application of measures to mitigate these risks. The final evaluation will be conducted at the end of the original disbursement period or extension thereto, or once 90% of the loan amount has been committed. The final evaluation report will be submitted within 60 days and will include: (i) the results of physical and financial execution; (ii) the level of fulfillment of targets in the Results Matrix, including a summary of the results compared with the baseline established in the first year of project execution; (iii) a summary of the results of the audits conducted and implementation of the improvement plans; (iv) an analysis of the sustainability of project investments, specifically costs and human capital management; and (v) a summary of the main lessons learned.
- 3.14 The economic evaluation will be conducted in the form of an ex post cost-benefit analysis, as part of the final evaluation. It will replicate the exercise carried out for the program's ex ante economic analysis, using data collected during execution and updating data against the benchmarks.

Development Effectiveness Matrix		
Summary		DR-L1150
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
1. The Strategic Alignment tab in convergence shows alignment on IDB Group Strategic Priorities. The Results Matrix tab lists flagged CRF indicators		
2. The Strategic Alignment tab in convergence shows information on alignment to Country Development Objectives		
II. Development Outcomes - Evaluability		Evaluability
3. Evidence-based Assessment & Solution		8.5
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		3.1
4. Ex ante Economic Analysis		7.5
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		0.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
6. Overall risks rate = magnitude of risks*likelihood		Medium High
The Environmental and Social Data tab in convergence shows the environmental and social risk classification of the project		
IV. IDB's Role - Additionality		
Annex III Fiduciary Arrangements describes project reliance on the use of country systems (VPC/FMP Criteria)		
7. Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The regional TC ATN/AA-18711-RG will produce studies that are aligned with Component 3. Additionally, DR-T1239 will support the start-up of the program.

DR-L1150

Evaluability Assessment Note: Support Program for the Transparency and Integrity Agenda in the Dominican Republic (DR-L1150)

The overall development objective is to strengthen transparency, accountability, and integrity in the management of public resources. To achieve this purpose, the loan defines a focus on three specific areas in which the project intervenes. The first seeks to consolidate transparency and traceability in resource management. The second seeks to strengthen the internal control function. The third is aimed at promoting access to information, citizen participation, and integrity in the public administration and in the private sector.

The loan proposal presents a solid diagnosis of the problem, based on the lack of transparency of public financial management, traceability of resources intended for public procurement and contracting, reliability of the SNIP information, among others.

The proposed solutions focus on efficiency improvements in the use of resources, effectiveness in the exercise of fiscal control, and innovation in the control of corruption in the context of GDP contraction generated by the COVID-19 pandemic.

These solutions are appropriate to address the identified problems and their contributing factors. The results matrix (MR) is consistent with the vertical logic of the project. The outcome indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. All impact indicators are aligned with the overall development objective.

The ex-ante economic analysis of the operation is appropriate, with applicable assumptions for this type of project, and with reasonable sensitivity analyzes. It is based on the potential benefits of the savings generated by the reduction of violations of the regulations of bidders and the transition towards more competitive contracting modalities and fewer contracting by exception. The analysis shows a positive net present value in the baseline scenario, as well as under various conditions included in the sensitivity analysis.

The monitoring and evaluation plan includes an experimental impact evaluation, a before and after method and an ex-post economic analysis for the outcome indicators. Administrative data will be used for all baseline variables. Monitoring and evaluation activities will be carried out by the Ministry of Finance in coordination with the Bank.

RESULTS MATRIX

Project objective:	The specific development objectives are: (i) to consolidate transparency and traceability in the management of resources; (ii) to strengthen the internal control function; and (iii) to promote access to information, citizen participation, and integrity in public administration and the private sector. The achievement of these objectives will contribute to the general development objective of strengthening transparency, accountability, and integrity in public resource management.
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SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Specific development objective 1. To consolidate transparency and traceability in the management of resources											
Indicator 1. Percentage of contracts financed by the executive branch with a budget allocation certificate provided through the web service	Percentage	0	2020	0	0	10	20	60	60	Data from the DGCP Transaction Portal	See monitoring and evaluation plan .
Indicator 2. Percentage of procurement processes that use noncompetitive selection methods		61	2020	61	61	61	55	45	45		
Indicator 3. Percentage of the value of procurement contracts awarded to women-led MSMEs		7.64	2021	7.64	7.64	8	8	10	10		
Indicator 4. Percentage of active public investment projects that allow for monitoring of the physical progress of their components		0	2021	0	0	0	0	60	60	Data from the SNIP monitoring and evaluation system	See monitoring and evaluation plan .
Specific development objective 2. To strengthen the internal control function											
Indicator 5. Percentage of recommendations from the internal audit units implemented	Percentage	0	2021	0	15	15	15	30	30	Audit reports prepared by the internal audit units	See monitoring and evaluation plan .

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Specific development objective 3. To promote access to information, citizen participation, and integrity in public administration and the private sector											
Indicator 6. Percentage of gaps between requests for access to information received and requests resolved within the timeframe stipulated under Law 200-04	Percentage	12.8	2020	12.8	12.8	10	8	5	5	DIGEIG reports Program progress reports approved by the Bank	See monitoring and evaluation plan .
Indicator 7. Average number of days needed to process complaints from the time the file is opened until the DIGEIG issues a report	Days	258	2020	258	258	200	150	100	100		
Indicator 8. Number of months needed for the Ministry for Women's Affairs to update the open databases	Months	3	2020	3	3	3	3	1	1		See monitoring and evaluation plan . Pro-gender indicator
Indicator 9. Percentage of entities facing delays in updating the open databases that feed the open data portal	Percentage	17	2021	17	17	17	17	5	5		See monitoring and evaluation plan .

OUTPUTS

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Component 1. Transparency and traceability in the management of resources											
Subcomponent 1.1. Transparency in public finances											
1.1.1 Technical assistance for implementation of interoperability in the Ministry of Finance, MEPyD, DGCP, and CGR using current mechanisms, provided	Number	0	2021	3	1	0	0	0	4	Reports from consulting services contracted, system reports, and pilots, including statistics on system use	See monitoring and evaluation plan .
1.1.2 Interoperable processes in the Ministry of Finance, MEPyD, DGCP, and CGR, using OGTIC guidelines, implemented		0	2021	0	1	2	1	0	4		
1.1.3 Improvements to the PTF		0	2021	0	0	0	1	0	1		
1.1.3.1 Pilot on transparency in local governments		0	2021	1	0	0	0	0	1		
1.1.3.2 Pilot on transparency in State-owned enterprises		0	2021	0	1	0	0	0	1		
1.1.4 Dashboard and analytics features developed		0	2021	0	0	0	1	0	1		
1.1.4.1 Analytics architecture developed		0	2021	0	1	0	0	0	1	Consulting reports	
1.1.4.2 Analytics algorithms implemented		0	2021	0	0	2	0	0	2		
1.1.5 Change management and communications strategy developed		0	2021	0	0	0	0	1	1		
1.1.5.1 Implementation plan prepared		0	2021	0	1	0	0	0	1	Strategy design document	
1.1.5.2 Change management, communications, and deployment activities implemented		0	2021	0	0	5	10	5	20	Strategy execution reports	

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Subcomponent 1.2. Efficiency in public procurement											
1.2.1 Modernization of the public procurement system to make it accessible for persons with disabilities, carried out	Number	0	2021	0	0	0	0	1	1	Consulting reports and statistics on system use	See monitoring and evaluation plan . Pro-gender and diversity indicator All information and communication technology equipment that will be procured will have an energy efficient label or be substantially more energy efficient than the highest market standards or benchmarks.
1.2.1.1 Public procurement system designed		0	2021	0	1	0	0	0	1		
1.2.2 Changes to the current public procurement information system, implemented		0	2021	0	0		1	0	1		
1.2.3 System to detect irregularities and issue early warnings, designed and implemented.		0	2021	0	1	0	0	0	1		See monitoring and evaluation plan .
1.2.4 Model for the management of human resources in public procurement, designed		0	2021	0	1	0	0	0	1	Consulting reports	
1.2.5 Communication and training strategy to incorporate sustainability criteria (including green procurement) into public procurement, designed and implemented		0	2021	0	1	0	0	0	1		See monitoring and evaluation plan . Climate change indicator

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Subcomponent 1.3. Improvement of efficiency in the management of public investment											
1.3.1 System to monitor and evaluate public investment, designed and implemented	Number	0	2021	0	0	0	0	1	1	Consulting reports and statistics on system use	See monitoring and evaluation plan .
1.3.1.1 Monitoring and evaluation system designed		0	2021	0	1	0	0	0	1		
1.3.2 Current public investment information system modified to make it interoperable with the electronic systems of the DGCP, the Ministry of Finance, and the CGR		0	2021	0	0	0	1	0	1		
Subcomponent 1.4. Financial integrity											
1.4.1 Beneficial ownership register of legal persons and arrangements, designed and implemented	Number	0	2021	0	0	1	0	0	1	Consulting reports	See monitoring and evaluation plan .
1.4.1.1 System for the beneficial ownership register, designed		0	2021	0	1	0	0	0	1		
1.4.1.2 Pilot on the system for the beneficial ownership register, implemented		0	2021	0	1	0	0	0	1		
1.4.2 Change management and communications strategy for the beneficial ownership register, designed and implemented		0	2021	0	0	0	1	0	1		
1.4.2.1 Strategy designed		0	2021	1	0	0	0	0	1		

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Component 2. Strengthening of the internal control system											
Subcomponent 2.1. Modernization of the management model and organizational structure of the CGR											
2.1.1 Management model of the CGR, designed	Number	0	2021	1	0	0	0	0	1	Consulting reports	
2.1.2 Ex ante control model designed		0	2021	0	1	0	0	0	1		
2.1.3 Strategies to reorganize the functions, responsibilities, and staff of the CGR and internal control units, developed		0	2021	0	2	0	0	0	2		
2.1.4 Comprehensive change management strategy for internal control and digital transformation, developed		0	2021	0	0	0	0	1	1		
2.1.4.1 Comprehensive change management strategy, designed		0	2021	1	0	0	0	0	1		See monitoring and evaluation plan .
2.1.4.2. Comprehensive change management activities, implemented		0	2021	0	3	3	3	0	9		See monitoring and evaluation plan .
2.1.4.3 Activities to strengthen comprehensive change management, executed		0	2021	0	0	0	0	2	2		See monitoring and evaluation plan .
Subcomponent 2.2. Development of internal control competencies											
2.2.1 Competency gaps dimensioned in accordance with the talent model	Number	0	2021	0	0	0	0	1	1	Consulting reports	See monitoring and evaluation plan .
2.2.1.1 Detailed gap analysis conducted		0	2021	1	0	0	0	0	1		
2.2.1.2 Strategic plan to identify and attract human resources, prepared		0	2021	0	1	0	0	0	1		

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
2.2.2 Auditors certified based on national and international standards		0	2021	0	31	0	0	0	31		
2.2.3 CGR program for technical assistance to the entities it audits, implemented		0	2021	0	1	0	0	0	1		
Subcomponent 2.3. Digital technologies for transparency and control in the appropriate use of public resources											
2.3.1 Functional modules for the digital transformation of the control model, implemented	Number	0	2021	0	1	1	1	1	4	Consulting reports	See monitoring and evaluation plan .
2.3.2 Cybersecurity controls, implemented		0	2021	0	0	1	0	1	2		
2.3.3 Interoperability model that integrates the systems of the Ministry of Finance, the MEPyD, the DGCP, and the CGR, implemented		0	2021	0	0	0	0	1	1		
2.3.3.1 Connection created with current systems		0	2021	0	1	0	0	0	1		
2.3.3.2 Connection with new systems using X-Road		0	2021	0	0	0	0	1	1		
2.3.4 Information system for comprehensive risk management in internal control processes, designed and implemented		0	2021	0	1	0	0	0	1		
2.3.5 Analytical algorithms for internal control, designed		0	2021	0	0	1	1	1	3		
2.3.6 Information analysis system on integrity, developed		0	2021	0	0	0	1		1		
Component 3. Promotion of access to information, citizen participation, and integrity in public administration and the private sector											
Subcomponent 3.1. Public innovation for integrity and prevention of corruption											
3.1.1 Preliminary draft of a bill on integrity and conflict of interest, prepared	Number	0	2021	0	1	0	0	0	1	Consulting reports	

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
3.1.2 Preliminary draft of a bill for the protection of whistleblowers who report acts of administrative corruption, prepared		0	2021	0	1	0	0	0	1		
3.1.3 System for managing conflicts of interest, designed and implemented		0	2021	0	0	1	0	0	1	Consulting reports and statistics on system use	See monitoring and evaluation plan .
3.1.3.1 Processes and organizational structure, defined		0	2021	0	1	0	0	0	1	Decrees and manuals of procedures prepared	
3.1.3.2 Electronic platform for managing integrity and conflicts of interest, implemented		0	2021	0	0	1	0	0	1	Consulting reports	
3.1.4 Methodology to identify and manage systemic corruption risks, developed		0	2021	0	0	0	0	1	1		See monitoring and evaluation plan .
3.1.4.1 Case investigation manual designed		0	2021	0	0	1	0	0	1		
3.1.4.2 Methodology to analyze systemic risks, designed		0	2021	0	0	0	1	0	1		
3.1.5 Compliance and integrity programs for the private sector, developed		0	2021	0	0	0	1	0	1		
3.1.6 System for monitoring international commitments, developed		0	2021	0	0	0	0	1	1	Consulting reports and statistics on system use	See monitoring and evaluation plan .
Subcomponent 3.2. Participation, citizen oversight, and management of complaints of administrative corruption											
3.2.1. Methodology for conducting investigations and monitoring and responding to citizen complaints, developed	Number	0	2021	0	0	1	0	0	1	Consulting reports	

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
3.2.1.1 Design of the system		0	2021	0	1	0	0	0	1		
3.2.2 System for citizen participation with a gender and diversity focus, implemented		0	2021	0	0	1	0	0	1		Pro-gender and diversity indicator See monitoring and evaluation plan .
3.2.2.1 Citizen participation tool developed		0	2021	0	1	0	0	0	1		
Subcomponent 3.3. Innovation for transparency and access to information											
3.3.1 Transparency portal (with accessibility for persons with disabilities) designed and implemented	Number	0	2021	0	0	0	0	1	1	Consulting reports	Pro-diversity indicator See monitoring and evaluation plan .
3.3.1.1 Modules implemented		0	2021	0	1	1	1	1	4		
Subcomponent 3.4. Communication and training for transparency and integrity											
3.4.1 Communication program developed	Number	0	2021	0	1	0	0	0	1	Consulting reports	
3.4.2 Training program developed		0	2021	0	2	2	3	3	10		

Country: Dominican Republic **Division:** IFD/ICS **Operation number:** DR-L1150 **Year:** 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Finance

Coexecuting agency: Office of the Comptroller General of the Republic (CGR)

Operation name: Program to Support the Transparency and Integrity Agenda in the Dominican Republic

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation (any system or subsystem approved subsequently may be applicable to the operation, in accordance with the Bank's terms of validation).

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reporting	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	

2. Fiduciary execution mechanism

<input type="checkbox"/>	Coexecuting agencies/subexecuting agencies	The executing agency and official program counterpart will be the Ministry of Finance, and the coexecuting agency will be the CGR, with full autonomy in fiduciary and technical matters. The Ministry of Finance will be responsible for the fiduciary management of all program resources, with the exception of those corresponding to the CGR (Component 2), while the other beneficiary entities will be responsible for the technical management of all resources allocated to them.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	<p>Based on the results of the capacity evaluation of the executing agency (the Ministry of Finance) and the coexecuting agency (the CGR) conducted in the fourth quarter of 2021, the general fiduciary risk of project execution was determined to be medium. The Ministry of Finance has recent experience in executing investment projects, and loans 4114/OC-DR-2 and 5243/OC-DR are currently being executed. The CGR does not have recent experience in executing public investment projects.</p> <p>With regard to the country's public finance management systems (SGFP), the results of their evaluation (August 2017 and October 2019) indicate that average development is generally medium, and use of country systems does not pose any major risks for execution of Bank-financed projects. According to the updated diagnostic assessment of the public procurement system performed in February 2016 using the methodology of the OECD's Development Assistance Committee (OECD/DAC), a moderately advanced system is identified, with some opportunities for improvement in the areas of sanctions and control mechanisms.</p>
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4. Fiduciary risks and response

Area(s)	Risk	Risk level	Risk response
Human resources	Difficulties or delays in complying with the operation's anticipated timeframe due to potential limitations in managing bidding processes and payments, as well as delays in preparing financial reports.	Medium-high	(i) Train and hire skilled staff that have experience with the procedures of multilateral organizations for procurement management and financial administration of projects. (ii) The Bank will provide support and training on topics related to procurement and financial reporting on executed resources, while the government will provide training on topics related to government financial management. The fiduciary team will continue the process of identifying risks and mitigation actions during project execution.
Internal processes	Complex management of procurement processes, as different entities are involved in establishing the technical requirements and handling the selection and evaluation process.	Medium-high	Establish a clear plan to define the roles and responsibilities of the various entities involved in preparing and managing procurement processes. This plan should be validated by the various entities involved.

5. Policies and guidelines applicable to the operation: Financial management: Financial Management Policy for IDB-financed Projects (document OP-273-12); Disbursement instructions; Instructions for financial reports and external audit of operations financed by the IDB; Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15); Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).

6. Exceptions to policies and guidelines: Not applicable.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Applicable exchange rate for substantiating expenditures in the local currency of the borrowing country: Option (b)(ii) of Article 4.10 of the general conditions of the loan contract, i.e. the exchange rate in effect on the date the expenditure is paid in the local currency of the borrowing country.

Type of audit: Annually, the program's audited financial statements, within 120 days after the close of each fiscal period at the latest. At the end of the project, the audited final financial statements within 120 days after the date of the final disbursement.

Other reports: At the end of the first six months of each period, an unaudited financial execution report within 60 days after the end of the six-month period.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	For procurement of works, goods, and nonconsulting services conducted in accordance with the procurement policies (document GN-2349-15), subject to international competitive bidding, the IDB's standard bidding documents will be used or those agreed upon by the executing agency and the Bank for a particular procurement. The selection and contracting of consulting services will be conducted in accordance with the policies for the selection of consultants (document GN-2350-15) and will use the standard request for proposals issued by the Bank or that agreed upon by the executing agency and the Bank for a particular procurement. The technical specifications and terms of reference will be reviewed during preparation of the selection processes by the project's sector specialist. This technical review may be ex ante and is independent of the procurement review method.						
<input checked="" type="checkbox"/>	Recurrent expenditures	Recurrent expenditures required to start up the project, approved by the Project Team Leader and eligible for financing, will be made following the executing agency's administrative procedures. These procedures will be reviewed and accepted by the Bank provided they do not contravene the principles of economy, efficiency, and competition. At the borrower's request, these expenditures will include financing for the salaries of the multidisciplinary technical staff members of the dedicated program execution unit. This expenditure is considered in line with policy GN-2331-11 and meets the eligibility and sustainability criteria.						
<input checked="" type="checkbox"/>	Retroactive financing	The Bank may retroactively finance from the proceeds of the investment loan, up to US\$9 million (15% of the proposed loan amount, disbursed) in eligible expenditures on tangible and intangible goods (hardware, software, licenses) and services (reviews of processes and organizational structure, studies, and analyses, among other key activities prior to loan execution), provided that requirements substantially similar to those established in the loan contract have been met and that the procurement procedures comply with the basic principles of procurement. Such expenditures will have been incurred on or after 3 November 2021 (the project profile approval date) but under no circumstances include expenditures incurred more than 18 months prior to the loan approval date (see the Bank Policy on the Recognition of Expenditures, Retroactive Financing, and Advance Procurement, document GN-2259-1).						
<input checked="" type="checkbox"/>	Procurement supervision	<p>Depending on the level of fiduciary risk identified for the project and the specific process, the supervision method will be ex ante or ex post. The ex post reviews will be performed in accordance with the annual supervision plan. The ex post review reports will include at least one physical inspection visit to the procurements subject to such reviews (the inspection will verify the existence of the procurements, leaving verification of their quality and compliance with the specifications to the sector specialist). The thresholds for ex post review are:</p> <table border="1"> <thead> <tr> <th>Works</th><th>Goods/services</th><th>Consulting services</th></tr> </thead> <tbody> <tr> <td>N/A</td><td>N/A</td><td>Firms: N/A Individuals: US\$50,000</td></tr> </tbody> </table>	Works	Goods/services	Consulting services	N/A	N/A	Firms: N/A Individuals: US\$50,000
Works	Goods/services	Consulting services						
N/A	N/A	Firms: N/A Individuals: US\$50,000						
<input checked="" type="checkbox"/>	Records and files	The executing agency will be responsible for maintaining the files and supporting documents for procurement processes and all vouchers for payments made with loan proceeds, in accordance with established procedures.						

Main procurements

Description of item	Selection method	Estimated date	Estimated amount (US\$)
Firms			
Contract for a specialized firm to provide technical assistance with project management	QCBS	Q3 - Year 1	1,548,000
Contract for a firm to design, build, and modify the Single Transparency Portal and the Portal for Requests to Access to Public Information	QCBS	Q3 - Year 3	1,775,000
Contract for a firm to design and implement the beneficial ownership register	QCBS	Q4 - Year 1	5,000,000
Contract for a consulting firm to make changes to the current National Public Investment System (SNIP)	QCBS	Q3 - Year 2	2,340,000
Contract for a consulting firm to make changes to the current public procurement information system	QCBS	Q1 - Year 2	1,200,000
Contract for a consulting firm to develop the interoperability architecture and processes, including X-Road nodes and cybersecurity services	QCBS	Q2 - Year 2	1,800,000
Contract for a consulting firm to design and implement the dashboard	QCBS	Q3 - Year 1	1,200,000

To consult the procurement plan [\[link\]](#).

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	The annual budget is prepared by the Ministry of Finance through the Budget Office (DIGEPRES), in coordination with the MEPyD and other government agencies linked to the process. The Ministry of Finance, through the program coordination unit (PCU), and the CGR, through the project execution unit (PEU), will be responsible for managing the project's planning and budget and will use planning tools, including the Bank's tools (project execution plan , procurement plan , and financial plan).
<input checked="" type="checkbox"/>	Cash flow and management of disbursements	<ul style="list-style-type: none"> The cash flow programming will be consistent with the procurement plan that has received the Bank's no objection and will cover a period of at least 12 months. For the purpose of managing the loan proceeds, each executing agency will open a special bank account at the Central Bank of the Dominican Republic (BCRD) to receive disbursements from the IDB and will manage the proceeds through subaccounts within the treasury single account. The exchange rate to be used will be the effective rate on the date of payment of an expenditure in local currency. The loan will be disbursed primarily through advances of funds or other modality established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12). Funds will be advanced according to a financial plan that covers the project's actual liquidity needs up to 180 days or other timeframe, as stipulated in document OP-273-12.

		With the exception of the first advance, all subsequent advances will be processed when at least 80% of the total funds received have been accounted for.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	<p>The specific accounting standards to be used are the International Public Sector Accounting Standards. For the operation's accounting records, the module for project execution units of externally funded projects in the country's Integrated Financial Management System (SIGEF) will be used as the technology platform, and cash-based accounting will be used. All of the project's main financial reports, including disbursement requests, will be generated directly from this system.</p> <p>As a complement to the policies and guidelines applicable to the operation, the program Operating Regulations will be used with documented definitions of work flows, procedures, and internal controls.</p>
<input checked="" type="checkbox"/>	Internal control and internal auditing	The government's internal audit function is the responsibility of the CGR. To carry out this function, the CGR is supported by internal audit units inside each of the Dominican Republic's government agencies.
<input checked="" type="checkbox"/>	External control and financial reports	<p>The executing agency (the Ministry of Finance) will select and contract external auditing services in accordance with the terms of reference previously agreed upon by the executing agency and the Bank. They will establish the types of review, frequency, and scope. The selected external auditor and the auditing standards to be applied will be acceptable to the Bank. Given the nature and risk of the operation, audited financial statements will be required for the program. The type of audit and qualification level may be adjusted during the life of the project depending on the results of Bank supervision. The Ministry of Finance will submit audited financial statements annually and at the end of the operation, following the terms and deadlines required under the Bank's policies. The Ministry of Finance will work with the CGR to prepare the financial statements and audits and submit the audited financial statements to the Bank.</p> <p>The audited financial statements required for the program are:</p> <ul style="list-style-type: none"> - Annually: submitted to the Bank no later than 120 days after the close of each fiscal period (31 December). - At the end of the project: submitted to the Bank no later than 120 days after the date of the final disbursement.
<input checked="" type="checkbox"/>	Financial supervision of the operation	Under the responsibility of the financial specialist, on-site and desk reviews and monitoring will be performed at minimum intervals of once per year, subject to adjustment during execution. Supervision will consist of monitoring the status of implementation of activities recommended to boost the capacity of the unit, identification of risks and mitigation actions, the status of fiduciary arrangements, ex post reviews, inspection visits, and ongoing dialogue and communication with the executing agency. Supervision will also be carried out through the annual financial audits.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Dominican Republic. Loan ____/OC-DR to the Dominican Republic
Program to Support the Transparency and Integrity Agenda in the
Dominican Republic

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 Dominican Republic, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Support the Transparency and Integrity Agenda in the Dominican Republic. Such financing will be for the amount of up to US\$60,000,000 from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2022)