

PROGRAM FOR THE STRENGTHENING OF THE CORPORACIÓN ADMINISTRATIVA DEL PODER JUDICIAL

(CH-L1012)

EXECUTIVE SUMMARY

Borrower:	Republic of Chile	
Guarantor:	N/A.	
Executing agency:	Corporación Administrativa del Poder Judicial [Judiciary Administrative Corporation] (CAPJ), an agency of the Supreme Court	
Amount and source:	IDB (OC):	US\$3.7 million
	Local:	US\$1.7 million
	Total:	US\$5.4 million
Financial terms and conditions¹:	Amortization period:	10 years
	Disbursement period:	42 months
	Grace period:	4 years
	Interest rate:	LIBOR-based option
	Inspection and supervision:	0%
	Credit fee:	0.25%
	Currency:	U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital
Objective:	The objective of the program is to increase the efficiency and quality of the services the CAPJ provides to the judiciary, thereby enhancing service within the justice system in Chile.	

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendation. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount. With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount, divided by the number of six-month periods included in the original disbursement period.

Description:	The program has four components: (i) strategy for establishment of a career path for CAPJ staff; (ii) restructuring of critical administrative processes; (iii) infrastructure and works management; and (iv) strategic management and decentralization.
Strategy and basis for Bank participation; rationale for the modality; and lessons learned:	<p>The Bank's country strategy with Chile for the 2000-2006 period aims to: (i) support initiatives that will increase competitiveness and productivity by improving efficiency and effectiveness in the provision of public services and in mechanisms to support technological innovation in the private sector, infrastructure, small and medium-sized enterprises, etc.; (ii) support efforts to reduce social and regional inequalities and to improve living standards; (iii) support mechanisms that engender greater citizen involvement in the development process by strengthening civil society's ties with the State and the private sector; and (iv) support the process of State modernization. The project is closely related to the objective of modernization of the State.</p> <p>The Bank's strategy for modernization of the State holds that it is impossible to advance in sustainable and equitable growth without advancing in judicial safeguards and in equality before the law for all citizens. To this end, it calls for the development of modern management and administration systems for judicial agencies and processes, among other things. This program is consistent with this strategy.</p> <p>Rationale for the modality. An immediate, streamlined response is required in order to address the challenges faced by the CAPJ, which are part of a long-term vision for institutional development. The Institutional Development Sector Facility (IDSF) has been identified as the instrument to be used to support the borrower in this objective.² The established criteria for the facility are met as follows: there is a clear sense of ownership of the proposed actions; there is active participation by stakeholders; and a course of flexible action is permitted for adjustments in the process of improving management of the CAPJ.</p>
Coordination with other official development institutions:	The CAPJ is not currently receiving support through programs with other official development finance institutions.

² The objectives and operating guidelines of the Bank's IDSF are described in document GN-2223.

Environmental and social review:	The Committee on Environment and Social Impact approved the profile for this operation at its 1 April 2005 meeting and did not stipulate actions to mitigate potential environmental impacts.
Benefits:	The program is expected to produce significant benefits for the strengthening of judicial management, which will result in improved service delivery within the justice system.
Risks:	<p>The first general risk is that undertaking some of the proposed reforms may require modification of the Código Orgánico de Tribunales [Code for the Organization and Functioning of Courts and Tribunals]. This risk is minimized by the fact that during the design process, it was agreed with Supreme Court and CAPJ authorities that the Superior Counsel and the Supreme Court have the authority to institute the changes, through internal resolutions and Supreme Court rulings, without recourse to the Code. There is also consensus among judicial authorities to institute the changes proposed in this operation. The second risk is that execution of several components will involve changes in the operations of an institution that has traditionally been resistant to change. This notwithstanding, it is worth emphasizing that in the past six years the CAPJ has undertaken significant reforms promoted by the Supreme Court, which have included actions for adaptation and change management that have thus far been successful. This program includes these types of actions.</p>
Social equity and poverty reduction classification:	This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation does not qualify as a poverty-targeted investment (PTI).
Special contractual clauses:	<p>The following conditions will be set forth in the loan contract: <i>prior to the first disbursement of Bank loan proceeds</i>, the borrower will present evidence, through a resolution from the CAPJ Director, of: (i) the creation of the coordinating unit; and (ii) the formation of the four project teams and assignment of the minimum personnel required for them to function. <i>Special condition of execution</i>: the annual work plan (AWP) for the following year will be presented to the Bank for its consideration in December of each calendar year and will contain an 18-month forecast.</p>
Exceptions to Bank policy:	N/A.
Procurement:	Goods. Goods will be procured in accordance with the Bank's policies for the procurement of works and goods financed by the IDB (document GN-2349-4). International competitive bidding will be mandatory for procurement financed in part or in full with loan

proceeds and the value of which is equal to or greater than the equivalent of US\$350,000. In specified cases, limited international bidding may be used. In accordance with Bank policies, goods for lesser amounts may be procured using the methods established in Section III of document GN-2349-4. Goods will be procured in accordance with the procurement plan approved by the Bank (see paragraph 3.13). The project does not involve procurement of works. **National competitive bidding** will be used for contracts for goods whose estimated cost is equal to or greater than the equivalent of US\$100,000 but less than the equivalent of US\$350,000 per contract, in accordance with paragraphs 3.3 and 3.4 of the aforementioned policies. **Shopping** will be used for goods with an estimated cost that is less than the equivalent of US\$100,000 per contract, in accordance with paragraph 3.5 of the policies. Unless the Bank decides otherwise and provides written notification thereof, the following contracts will be reviewed on an **ex ante** basis, as provided for in the procedures outlined in paragraphs 2 and 3 of Appendix 1 of the procurement policies: (i) the first contract for the procurement of goods whose estimated cost is equivalent to US\$200,000 or more, to be awarded through national competitive bidding; and (ii) the first contract for the procurement of goods whose estimated cost is equivalent to US\$50,000 or more, to be awarded through shopping. The procurement plan calls for ex post review by the Bank for procurement of goods in all other cases.

Consultants. For selecting and hiring consultants under contracts valued at US\$500,000 or less, the short-list may consist entirely of local consultants. Nevertheless, if foreign firms have expressed interest, they should be considered. Consultants will be selected and hired in accordance with the Bank policies established in document GN-2350-4 of 26 January 2005. Unless the Bank decides otherwise and provides written notification thereof, the following contracts will be reviewed on an **ex ante** basis, as provided for in the procedures outlined in paragraphs 2 and 3 of Appendix 1 of the policies for the contracting of consultants: (i) in each component, the first contract for services from consulting firms that has an estimated value of the equivalent of US\$100,000 or more; and (ii) the first contract for individual consulting services whose estimated cost is equivalent to US\$50,000 or more. For these purposes, the borrower, through the executing agency, must present to the Bank for its consideration and approval the report on the comparison of candidates' qualifications and experience, the terms of reference, and the terms of employment of the consultant. The consultant can only be hired after the Bank has issued its no objection. In all other cases, **ex post** reviews will be used. Consulting services will be contracted in accordance with the procurement plan approved by the Bank (see paragraph 3.14).

Procurement plan. In accordance with the new Bank policies (documents GN-2349-4–Policies for the procurement of works and goods financed by the IDB, and GN-2350-4–Policies for selection and contracting of consultants financed by the IDB, of 26 January 2005), the borrower, through the executing agency, submitted to the Bank a procurement plan which spells out: (i) the specific contracts for goods and consulting services required to carry out the project during the initial period of at least 18 months; (ii) the methods to be used for selecting consultants; (iii) the methods proposed for goods procurement; and (iv) applicable procedures for review by the Bank (see Appendix I of the aforementioned policy documents). The borrower, through the executing agency, will update the procurement plan annually as required or whenever substantial changes occur, always covering the subsequent 18 months of the project execution period. Any proposal to revise the procurement plan will be presented to the Bank for its approval. The current version of the procurement plan must always be available.

Key performance indicators and supervision benchmarks:

Upon program completion, internal and external users of the CAPJ are expected to express greater satisfaction with the services delivered. Specifically, the satisfaction rating for processes conducted by the CAPJ is expected to improve relative to the baseline; the average cost per court is expected to improve over the baseline; and a pilot plan for delegating administrative work to the area administrations is expected to be implemented in at least seven jurisdictions.³

A midterm and a final evaluation will be performed. The midterm evaluation will be performed 18 months into the project, or when 50% of the loan proceeds have been disbursed, whichever occurs first. The final evaluation will be delivered in the last month of disbursement. The basis to be used in the program evaluations will be the targets set forth in the program's logical framework.

Information from both the Bank and the executing agency:

Execution of the program will be monitored using the following reports:

- Itemized program budget
- Program procurement plan
- Annual work plan, first 18 months (by component)
- Logical framework

³ These baselines will be calculated during the first three months of program execution.