

**PROGRAM FOR MODERNIZING THE NATIONAL CONGRESS
AND THE OFFICE OF THE COMPTROLLER GENERAL**

(DR-0106)

EXECUTIVE SUMMARY

Borrower:	Dominican Republic	
Executing agency:	National Congress of the Republic, acting through its Joint Commission on Congressional Modernization	
Amount and source:	IDB: OC (IFF contingent)	US\$ 22.3 million
	Local:	<u>US\$ 5.7 million</u>
	Total:	US\$ 28.0 million
Financial terms and conditions:	Amortization period:	25 years
	Disbursement period:	3 years
	Grace period:	3 years
	Interest rate:	variable
	Inspection and supervision:	1.00%
	Credit fee:	.75%
	Currency:	U.S. dollars, Single Currency Facility
Objectives:	<p>The long-term aim of this operation is to strengthen democratic governance in the Dominican Republic. The program is expected to contribute to this through two subprograms which have the general aim of supporting the authorities of the National Congress and the Office of the Comptroller General in the institutional development of their respective organizations. The main specific objectives of the National Congress subprogram, relating to the strengthening of its institutional functions will be: (i) to improve its legislative capacity; (ii) to enhance the efficiency with which it discharges its oversight responsibilities; and (iii) to increase its capacity to fulfill its representative functions. The main specific objectives of the Comptroller General subprogram will be: (i) to enhance the independence and consequence of its work; and (ii) to raise the institution's technical capacity to fulfill its responsibilities.</p>	
Description:	<p><u>Subprogram I – National Congress.</u> (direct cost: US\$21,473,758) Funding will be provided for consulting services, training, refurbishment and expansion of the present building, and equipment and systems, to support the congressional authorities in implementing</p>	

their institutional modernization plans. Technical assistance will be furnished and investments will be made to: install operating systems to support the National Congress in carrying out its legislative, oversight and representative functions; develop administrative-financial and information technology systems; and provide it with the minimum equipment and physical space needed to discharge its responsibilities. Activities will be organized under the following headings:

Legislative function (US\$1,352,600). A regulatory framework will be designed and implemented, together with a system of parliamentary discussion, legal drafting and legislative processing; a system for preparing the legislative agenda will be designed and set up; and a Legislative Advisory Office-Legal Drafting Unit will be created, common to both chambers, with a system for hiring expert advisors to assist the standing commissions in their work of research, analysis and enactment of legislation.

Oversight function (US\$555,000). A Budgetary and Macroeconomic Evaluation and Monitoring Unit will be created, specialized in formulating, monitoring and evaluating the budget and the State's macroeconomic management through a system will be set up for hiring expert advisors for the Audit and Finance Standing Commissions.

Representative function (US\$302,600). A system will be established for scheduling and organizing public hearings, inquiries or other forms of citizen participation; and a public information system will be designed and put in place.

Administrative-financial system (US\$540,000). An internal administrative development plan will be drawn up for the two chambers of Congress, and administrative structures will be strengthened in the areas of planning, budgetary-financial management, human resources, and administrative and general service systems. This component will also include funding for studies on the institutional development of Congress.

Information technology development. (US\$3,335,678). This will include the procurement, development, adaptation, installation and initial operation of the information technology systems needed to support Congress in its legislative, oversight and representative functions, and to modernize its internal administration. It will also include the procurement and installation of information technology support infrastructure.

Infrastructure and equipment (US\$12,947,700). The facilities of the present Congress building will be rehabilitated, adapted and expanded to the minimum level needed to provide the physical basis for the modernization program, and to enable Congress to discharge its legislative, oversight, representative and administrative-financial functions adequately.

General coordination (US\$2,440,180). Implementation of the program will be supervised and managed.

Subprogram II – Comptroller General’s Office. (direct cost: US\$2,444,200). Funding will be provided for consulting services and training to support the design and promotion of an up-to-date legal framework proposal; assistance will be provided in drawing up a strategic plan for the institution; technical-administrative structures will be strengthened in the planning and budgetary and financial management areas, as will career development and training for administrative and professional staff; manuals and technical handbooks for a fiscal control system will be prepared, and training will be provided for purposes of assimilating the information contained therein. Activities will also include the procurement, installation and initial operation of the necessary information technology systems. Activities will be organized under the following headings:

Legal framework (US\$74,000). A proposal for a new legal framework will be drawn up (constitutional, legal and organizational regulations), and promotion and coordination activities will be carried out.

Institutional development (US\$2,029,400). A strategic plan will be drawn up for the institution, setting out its mission, vision, objective, targets, and activities to be undertaken. A second stage will support implementation of the plan by strengthening technical-administrative structures in the planning and budgetary-financial management areas of the Comptroller General’s Office, and by providing career development and training for administrative and professional staff.

Governmental control (US\$340,800). Basic working tools will be developed for strengthening the national fiscal audit system (technical handbooks and manuals for each stage of the audit), and training will be provided to professional and support staff.

**The Bank’s
country and
sector strategy:**

This program is consistent with the Bank’s explicit strategy in the sector and country of supporting governance and State modernization. It is the first integrated attempt to support the modernization of two key institutions: the National Congress and the Comptroller General’s Office. This is intended to underpin the ultimate objective of

balancing the branches of the State, while also reaffirming the democratic functioning of society, and making the broad program of fundamental reforms that the country is embarked upon more viable and sustainable.

Environmental and social review:

The social and environmental review of the operation led to the following actions being provided for: (i) strengthening of the capacity of the National Congress to identify and analyze environmental, gender and equity aspects; (ii) participation by community groups, women and young people through mechanisms for dialogue and consultation with civil society; and (iii) minimization of impacts caused by the civil works (see details in paragraphs 3.17 and 3.18 of the project report).

Benefits:

The main benefits will come from: (i) a significant improvement in the legislative function of the National Congress. This is expected to result in laws that are more consistent, with a greater understanding of their socioeconomic impact; (ii) a quantitative and qualitative increase in the oversight function of Congress and the Office of the Comptroller General. This will lead to an efficient fulfillment of constitutional monitoring functions, with a radical improvement in transparency, cost effectiveness and assignment of responsibilities; and (iii) strengthening of the representative function of Congress. This should produce laws that are more relevant, as well as more realistic and viable to apply and enforce.

Risks:

One of the risk factors arises from the relative weakness of current administrative structures in Congress and the Comptroller General's Office, and a lack of experience in each of these organizations in handling this type of operation. Safeguard: a simple program implementation structure has been agreed, whereby the Technical Unit of the Joint Congressional Commission will be in charge of executing the entire program, while the Comptroller General will oversee the technical aspects of its own subprogram, through an interinstitutional agreement with Congress. A strong general coordination component is also provided for, to support the Technical Unit during execution, together with a work mechanism under which teams will be made up, as appropriate, by legislators, technical staff and officials of the agencies involved, and external consultants, with supervision by the Technical Unit; and a flexible continuous monitoring system, based on annual operating plans to be prepared by the Technical Unit and revised by the Bank team. Another significant risk of the program relates to the political nature of an institution like the National Congress, the functioning of which requires constant negotiation and coordination between the different parties. Safeguard: this risk began to be managed during preparation of the program, requiring a Joint Commission to be set up with delegates from all

political blocs represented in Congress, to act as a steering committee for the work to be undertaken. This commission was established under resolutions agreed at plenary sessions of the respective chambers of Congress, and will continue operating in the execution phase of the program.

**Special
contractual
clauses:**

Apart from the standard Bank clauses, the loan contract will include the following special conditions precedent to disbursement: (a) the signing of an agreement for program execution between the National Congress and the executive branch; and (b) the establishment of a Technical Unit for executing the program.

The following conditions precedent to disbursement will also apply in Subprogram I: (a) advisors to the standing commissions must have been hired, the Legislative Advisory Office must have been set up and its operational regulations approved; (b) information technology consulting services and infrastructure must have been procured, except those relating to the Technical Unit, and an area coordinator must have been appointed; and (c) the information technology system for the Senate chamber must have been purchased, and the internal rule authorizing electronic voting approved.

In the case of Subprogram II, the following conditions precedent will also apply with respect to (a) the first disbursement of resources under the subprogram: the agreement between the National Congress and the Office of the Comptroller General for executing the program must have been signed; and (b) disbursements relating to the institutional development and government control components, in excess of US\$350,000: evidence must have been presented that the adequate physical installations are available for carrying out the subprogram.

The Bank will be able to disburse up to US\$600,000 to initiate program activities before the conditions mentioned above have been met, provided the conditions set out in paragraphs (a), (b) and (c) of Article 4.01 of the general conditions of the contract have been fulfilled.

The contract requires a concurrent sample audit of the program's procurement and hiring processes to be carried out by a firm of independent auditors.

**Poverty-
targeting and
social sector
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 Report (document AB-1704).

Exceptions to Bank policy: None are envisaged

Procurement: International competitive bidding (ICB) will be required to award contracts for work valued at US\$1.5 million or above, for consulting services valued at over US\$200,000, and for the procurement of goods or equipment for US\$250,000 or more. For amounts below these limits, the procurement procedures set out in Annex D to the loan contract will apply.

I. MARK OF REFERENCE

A. Introduction

- 1.1 Since the early 1990s the authorities of the Dominican Republic have been undertaking a series of reforms aimed at restoring and maintaining basic macroeconomic equilibria, as well as renovating productive infrastructure and modernizing its institutions. In a relatively favorable external climate, these reforms have produced very positive results in the economic domain, with the country achieving a new framework of stability and continuous growth at very much higher rates than the regional average.
- 1.2 Reforms have also been going on in the field of institutional modernization, some of which have involved important amendments to constitutional law, aimed essentially at strengthening the legislative and judicial branches of government. The purpose of the reforms is to provide these pillars of democracy with firmer foundation to face the challenges of consolidating the rule of law (supremacy and sovereignty of the law), extending the regulatory instruments of formal market-economy models, developing an appropriate environment for the exercise of freedom, and improving society.
- 1.3 This new framework of stability and sustained growth in the Dominican Republic, with constitutional reforms approved and supported by an active and flourishing democracy, requires matching development in the organization and functioning of the basic institutions of State and society. Dominican society has particularly emphasized the National Congress as one of the key institutions that needs to be brought up to date and provided with adequate means to fulfill its objectives. The complementary need to simultaneously improve the Office of the Comptroller General has also been identified, to enable it to discharge its constitutional functions as a key instrument in the balance of powers. In response to this popular demand, congressional authorities have initiated a process to modernize their institution and they are committed to moving ahead with an ambitious program. The authorities of the Comptroller General's Office have also joined this initiative.
- 1.4 The purpose of this document is to present a program of investments and technical assistance to support the authorities of Congress and the Office of the Comptroller General in implementing their modernization plan, drawn up in the framework of ATN/SF-5313-DR, and approved by the Bank on December 6, 1996. This chapter describes the background of the proposed operation. Chapter II summarizes the program's objectives and describes its components. Chapter III contains details of aspects relating to the organization and execution of the operation. Chapter IV discusses the viability of the program, together with its benefits and risks.

B. The National Congress

- 1.5 Although a legislative branch has existed in the political system of the Dominican Republic ever since the latter's emergence as an independent state in 1844, historically the balance between the three powers of State has been tilted in favor of the executive. During periods of authoritarian government, the National Congress was reduced to an institution that was subordinate to the executive, with the role of its members depending directly on decisions made by the latter and mostly acting as an agency for ratifying its initiatives and affording a semblance of formality.
- 1.6 Even during periods of relatively open and democratic government, for many years members of Congress in the Dominican Republic were appointed via imperfect forms of election, or as a consequence of a "backwash effect" caused by fixed congressional candidate lists that accompanied candidates for presidential elections. This has led to a situation in which the Congress of the Dominican Republic has traditionally played a limited role, not only in terms of its basic legislative functions, but also in overseeing the other powers of State and representing its electorate.
- 1.7 The most salient characteristics of the legislative branch, from the organizational-functional viewpoint, stem from rules set out in the country's constitution. Title IV of the Constitution of the Republic defines the legislature as a two-chamber body, consisting of a Senate and a Chamber of Deputies, elected by direct popular vote for a four-year term. The 30 senators are elected on the basis of one for each province and one for the national district; the 149 deputies are also elected by province and for the national district, but in the ratio of one for every 50,000 inhabitants. The two chambers of Congress are independent in their functioning and internal organization, except when they act jointly as the National Assembly for exceptional purposes specified in the constitution.
- 1.8 Apart from assigning to the legislature the traditional function of "legislating on all issues that are not within the jurisdiction of other State powers", among other things the constitution also confers on Congress the key role of monitoring the executive. Supervision is exercised in a variety of domains: in international action, in the formulating and administering of public expenditure and investment, and in the use of national credit. This oversight function entails procedures such as annual reports to the National Assembly by the Presidency of the Republic and Secretaries of State, hearings to question Secretaries of State, and particularly in monitoring the fiscal power of the State and its discretion in using the resources under its management, and analyzing the accounts it is required to submit to the Office of the Comptroller General.
- 1.9 Analyses carried out by units of the Bank, together with other studies carried out independently, concur that the National Congress faces challenges deriving from deficiencies in its regulations, as well as in its operational and support systems, and

the degree to which its administrative and non-elected professional staff have become out of date. These shortcomings in regulations, organization and operational capacity undermine its basic institutional functions of legislation, representation and oversight, as well as the efficiency of its internal administration. Apart from these deficiencies, Congress also suffers from very significant shortcomings in terms of installations and equipment, the total inadequacy of which makes normal legislative tasks impossible and blocks any future attempt at improvement.

1.10 In its institutional functions Congress suffers, among other things, from:

- (i) Inadequate support for the legislative function: lack of a fluid system for drawing up and managing the legislative agenda; outdated regulations and procedures that restrict internal consultation and coordination with legislative groupings, and limit the research work of the standing commissions; difficult access to information and adequate specialized advisory services; weak operational systems for supporting the process of legal drafting, text security and custody.
- (ii) Weaknesses in its oversight function: lack of an efficient internal system for fully discharging its constitutional mandates to study proposals for expenditure, investments and public debt, monitor execution of the national budget, and control public administration.
- (iii) Shortcomings in the representative function: deficient technical and physical capacity for interacting with the electorate and civil society organizations, by organizing public hearings and consultations during the legislative process; in public information tasks and in making its work accountable.

1.11 The internal administration of Congress also faces significant challenges, which are synthesized in the institution's limited technical capacity to draw up and execute its budget, or to take charge of its own institutional development; other challenges stem from the precarious nature of its functional and support systems, and the absence of a formal career structure for permanent staff.

1.12 Lastly, the National Congress suffers from far-reaching deficiencies in installations and equipment. The physical space of both chambers is cramped and functionally antiquated. As many as 90% of legislators do not even have desks or work areas, either individual or shared. There are no areas for public hearings or for the press. There are no secure files; legislative commissions and party blocs have no meeting places, and the building has no security systems to protect it against fire or other disasters.

C. The Office of the Comptroller General

- 1.13 The Comptroller General's Office (CG), a constitutionally autonomous body that is responsible for the external audit of all State accounts and accountable for them before the National Congress each year, has historically discharged its functions in a limited way only. Before it can fully comply with its constitutional attributions, the CG has yet to achieve a degree of institutional development that would give validity or real utility to its operations. This is becoming extremely important as the Comptroller General's Office is a key institution in coordinating and balancing the powers of State, since it is the agency that provides both Congress and society with the tools it needs to supervise and audit State accounts and administration.
- 1.14 Articles 78 et seq. of the constitution specify the areas of responsibility of the Comptroller General. These articles merely define the CG as a technical agency responsible for scrutinizing the general and particular accounts of the nation. The constitution itself contains no provisions regulating the organization and functions of external audit agencies such as the CG, nor does it establish rules governing the definition and assignment of responsibilities.
- 1.15 Apart from these constitutional provisions, the Office of the Comptroller General is basically governed by Laws 130 of 1942 and 1494 of 1947. This legislation establishes the competency of the CG to scrutinize, revise and approve all general and particular accounts of the State, the district of Santo Domingo and the municipalities, as well as those of public agencies and institutions that receive subsidies from these bodies. It also assigns to the CG responsibility for submitting an annual report to the National Congress, protecting public securities and assets, and the consultative function. The laws mentioned above also assign it responsibility for prior or concurrent monitoring, which most entities carrying out external audit activities have been eliminating.
- 1.16 There have been several legal reforms subsequent to the legislation mentioned above, the basic purpose of which has been to add the following responsibilities to the Comptroller General's brief, relating to: functions of supreme administrative court, functions corresponding to the general administrative prosecutor, cadastre of national assets, conservation and incineration of archives, and revenue stamps.
- 1.17 The different analyses made of the Comptroller General's Office have concurred in highlighting a series of challenges stemming from the state of its regulations, organization and functioning, which prevent it from fully discharging the role it has been assigned. These challenges relate to:
 - (i) Its regulatory framework, with its outdated charter and internal regulations, and distorted institutional linkages. This has restricted the independence of the work of the Comptroller General's Office. For example, the CG does not have budgetary autonomy, nor faculties to

communicate to the competent authorities the existence of administrative or civil responsibilities, or presumptions of criminal responsibility. The results of its analyses are sent to the President of the Republic or the Minister of Finance, and this could affect the transparency of processes. Meanwhile, the current functions of supreme administrative tribunal – not contained in the Constitution of the Republic – are identified in most studies as atypical CG functions which distract it from its core duties.

- (ii) Its operational capacity, with technical staff who are not up-to-date, and the inappropriateness of its methods and operational guidelines. This has biased the Office of the Comptroller General towards a type of work focusing on the formality of administrative events, which does not have real utility for the institutions under its control and does not tend to improve public administration.
- (iii) The resources at its disposal, with the absence of computer systems, totally inadequate physical space, and an insufficient expense budget for the minimum level of operationality needed. One effect of this has been to limit the coverage of the work of the Comptroller General to less than 5% of the institutions it is supposed to control.

D. The modernization process

- 1.18 Starting from the situation in which it found itself at the beginning of the second half of the twentieth century, institutional modernization in the Dominican Republic has been an ongoing phenomenon ever since. The reform process has gathered pace since the early 1990s, with the aim of strengthening the country's basic democratic institutions and consolidating the rule of law. Dialogue at the national level, and the quest for consensus, have taken root in the country as valid modes of political interaction, replacing the more confrontational forms that operated in the past. This democratization process, which is reflected in far-reaching political and constitutional changes, has turned the National Congress into a key protagonist and has gathered such momentum and force that it is demanding to be transformed into a more efficient and open institution.
- 1.19 Three important events have occurred during the past decade in relation to the transformation of Congress. Firstly, Dominican society agreed on a far-reaching constitutional reform as a democratic way out of the electoral crisis that occurred in 1994. This amendment of the Constitution, among other things, introduced a basic change in the procedure for electing Parliament by separating legislative and presidential elections. This afforded the legislature an element of independence from the executive, strengthening the image of the legislator and opening a window of opportunity to strengthen linkages with the electorate.

- 1.20 Secondly, in 1995, senators and deputies from all political parties proposed carrying out a program to modernize Congress, arranging with the presidents of the respective chambers to set up a joint commission to provide leadership for this, and devise specific projects for investments and institutional development that would be able to attract funding from international financing agencies. The initiative was accepted, and in the same year the two chambers of the National Congress decided to set up the permanent Joint Commission on Institutional Development and Modernization, with a broad multiparty membership.
- 1.21 Thirdly, in 1997, through Law 46-97, Congress established the first set of regulations for implementing the constitutional reform of 1994. These related to its budgetary and administrative autonomy, and the subsequent organization of administrative offices in each of the legislative chambers. This is a far-reaching legislative provision in the context of the Dominican Republic, because until then there were restrictions on the financial autonomy and functional organization of Congress which had a direct effect on its capacity for institutional development, as well as on the precarious nature of functional and support systems, staff career structure, furniture and fittings, equipment and working environments.
- 1.22 Within this context, on March 23, 1995, the presidents of the Senate and the Chamber of Deputies submitted a funding request for their modernization plan to the Bank. On December 6, 1996 the Bank gave approval to ATN/SF-5313-DR, currently in its final phase of execution, in order to support the detailed design of the congressional modernization plan, which was intended to serve as a basis for the program presented in this document. The funding request from Congress was supported by the Technical Secretariat of the Presidency in a formal note dated January 14, 1998. During the latest country programming period, it was decided to include in the Bank's project pipeline, the possibility of a loan to finance the investments and reforms included in this program.
- 1.23 Meanwhile, in early 1998, the authorities of the Comptroller General's Office joined this effort, drawing up their own modernization plan in the framework of the technical cooperation mentioned in the previous paragraph. In late 1999, the Comptroller General also reached an agreement with the government to be assigned a plot of land adjacent to the National Congress, and for the building, by the Ministry of Public Works, of a headquarters for the organization that will give it the necessary physical base for its reform.

E. The Bank's strategy and activity

- 1.24 The Bank's strategy in the Dominican Republic is aimed at supporting the country's efforts to maintain macroeconomic equilibria, strengthen governance, combat poverty and improve efficiency through actions aimed, among other things, at State modernization. The priorities of strengthening the legislature (National

Congress) and the main external State audit agency (Comptroller General) have been defined as a key part of the institutional modernization process.

- 1.25 Legislative power is a relatively new field of action, not only for the Bank but also for other multilateral agencies, so experiences accumulated thus far come only from the initial identification and formulation phases. The guidelines derived from that limited experience, which are followed in the conceptualization and processing of this type of program, are summarized in Document IV of Lessons learned (technical files). These lessons have been taken into account in designing the present operation.
- 1.26 Modernization processes among the region's legislatures have been going on since the late 1980s, as interruptions to democratic life and civilian-military conflicts in the countries concerned have been overcome. The first problem faced by legislators was the need to rehabilitate equipment and furnishings, along with the buildings themselves and their services, and educate non-elected staff in new practices for managing legislative offices, supporting legislative processes and attending the public. The first funding operations carried out in support of a variety of legislatures in the region, by USAID (mainly in Honduras, Bolivia, Nicaragua and Costa Rica) and other bilateral agencies, have tended to address these problems.
- 1.27 The Bank became involved in supporting legislatures for the first time in 1994. Like those of bilateral agencies, the initial projects approved provided specific support focused on setting up automated information systems (for example, in the legislatures of Costa Rica and Peru) and a technical advice component for improving administrative and financial management. Since 1995, the Bank has approved six operations, one at the subregional level and the other five at the national level. The subregional operation ATN/SF-5291-RG, supported an initiative by the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) to connect the member country legislatures to the automated databases of the Library of Congress of the United States. The specific problems involved in this operation are typical of any program of instrumental innovation and staff skill training, and involve facilitating understanding of innovations and efficient management of new technologies.
- 1.28 The five national operations include various types of support provided to legislative power in Panama (923/OC-PN), Bolivia (976/SF-BO), Ecuador (ATN/SF-5279-EC), Nicaragua (ATN/SF-5307-NI), Dominican Republic (ATN/SF-5313-DR), Colombia (CO-0165) and El Salvador (ES-0093). In these operations, while continuing to pay attention to and support aspects of organizational-administrative strengthening, the Bank began to address the institutional question. Support was given to situational studies, as well as preparation of proposals and funding for (a) strengthening the strictly legislative function, by enhancing participation in legislative debate, as well as the work of

standing commissions and professional advisory services for legislators – in summary, strengthening the deliberative function that culminates in law-making; (b) strengthening the function of overseeing government administration, in the context of the balance of powers, assigned to it by the electorate in each country; and (c) the effective handling of relations with social communications media and civil society, and its role as a State power in forming national consensus.

- 1.29 These institutional aspects required a process of reflection by the Bank, which has made it realize how distorting it is to export “successful” organizational models, that merely consist of technological packages for organizational issues, and which vary from supplier to supplier. They have also forced the Bank to study the realities of each country in greater detail to understand the evolution of its institutional changes, as well as the leadership capacity that exists for change and for supporting coordination processes, in order to define the nature and scope of the Bank’s involvement.

F. Rationale and conceptualization of the program

- 1.30 The magnitude of the challenges facing Congress, both as the proponent of its own legislative agenda, and in overseeing the other State powers and representing its electorate, impacts all sectors of national life. In particular, in the past, in conjunction with the shortcomings that exist in the Comptroller General’s Office, it has undermined the effectiveness of economic development policies, distorting the allocation and transparency of public expenditure, and affecting governance generally. This constrains any development strategy that might be implemented, and justifies operations like the one presented here, in terms of social cost-effectiveness.
- 1.31 In this sense, the program under discussion here probably represents the first comprehensive effort to solve the problems discussed above and thereby facilitate modernization of the National Congress and the Office of the Comptroller General. This would support the ultimate aims of balancing the powers of State, reconfirming the democratic functioning of society, and making the wide-ranging program of fundamental reforms the country is embarked upon more viable and sustainable. The design of this operation assumes that the process of modernization and the changes to be introduced in the context of the program can be implemented by administrative procedure without the need for new legislation, both in Congress and in the Comptroller General’s Office (although for the latter a proposal for a new and more appropriate legal framework will be drawn up). The operation is also especially complementary and coordinated with the fiscal organization and government control actions envisaged in IDB loan operation 1093/OC-DR — Integrated Financial Administration Program.

II. THE PROGRAM, ITS COST AND FINANCING

A. Long-term aim

- 2.1 The long-term aim of this operation is to strengthen democratic governance in the Dominican Republic. The program is expected to contribute to this aim via two subprograms to support the authorities of the National Congress and the Office of the Comptroller General, in the institutional development of their respective bodies.

B. General and specific objectives

- 2.2 Subprogram I - National Congress. The general objective of this subprogram is to support the authorities of the National Congress in carrying out their modernization program. The main specific objectives, linked to a strengthening of its institutional functions, will be: i) to improve its legislative capacity; ii) to enhance the efficiency with which it discharges its oversight responsibilities; and iii) to increase its capacity to carry out its representative functions.
- 2.3 Subprogram II - Comptroller General. The general objective of this subprogram is to support the authorities of the Office of the Comptroller General in executing its modernization program. The main specific objectives will be: i) to increase the independence and consequence of its work; and ii) to improve its technical capacity to carry out its responsibilities

C. Expected results

- 2.4 The main expected outputs at the end of the program should include the following:

National Congress

- A mechanism for prioritizing and approving the legislative agenda involving a process of consultation and analysis to ensure better quality in terms of legal consistency, feasibility of application and awareness of socioeconomic impact.
- A system of parliamentary discussion to make debates on the floor of Congress more efficient.
- A technical advisory system for the commissions, installed and operational.
- A documentation center to support the legislative function.
- A mechanism for legislative custody and processing that is secure and efficient to operate.

- A budgetary analysis and monitoring unit.
- A regulated system for public hearings and information; together with an institutionalized structure for communicating with civil society.
- A professional staff trained in legislative functions and procedures.
- An adequate physical space to enable the modernization process to be carried out, and to facilitate fulfillment of the legislative, oversight and representative functions.
- An organizational structure and administrative system for human, managerial, financial and support resources needed to make possible the efficient internal functioning of Congress.

Comptroller General

- A coordinated proposal for a regulatory framework for institutional linkage and internal functioning, in keeping with the responsibilities of the organization.
- A strategic plan to guide the institutional development of the Office of the Comptroller General, and an organizational structure to enable it to implement this plan.
- A professional and administrative staff trained for the work it is required to carry out, together with a permanently operating training system.
- Technical handbooks and audit manuals to use as a basis for its national fiscal audit function.
- An organizational structure, accompanied by administrative, support and information technology systems to make it possible for all the constitutional mandates of the Office of the Comptroller General to be efficiently carried out.

D. Description

2.5 The program will consist of two subprograms, aimed at the National Congress and the Office of the Comptroller General respectively.

1. Subprogram I - National Congress (total direct cost: US\$21,473,758)

2.6 Support will be provided to the congressional authorities in implementing their institutional modernization plans, through funding for consulting, training and advisory services, together with rehabilitation and expansion of the present building, equipment and systems.

- 2.7 Technical assistance will be provided through this process, and investments will be made to install operational systems to support the legislative, oversight and representative functions; to develop administrative-financial and information technology systems; and to provide Congress with the minimum physical space and equipment needed for the modernization program and for discharging its legislative functions.
- 2.8 Of the total resources of this subprogram, 57% (US\$12,297,700) will be invested in remodeling, expanding and equipping the facilities of the present Congress building. A further 29% (US\$6,085,878) will be earmarked for technical cooperation for institutional strengthening in the legislative, oversight, representation and management systems areas (budget, staffing, etc.), including the procurement, installation and initial operation of the computer systems needed to support the legislative functions of Congress and modernize its administration. The remaining 14% (US\$3,090,180) will be spent in coordinating and executing of the subprogram, including supervision of the civil works.
- 2.9 Legislative function component (US\$1,352,600). This component is intended to support the following: (i) design of an internal regulatory framework (regulations and manuals), and implementation of a system for parliamentary discussion, legal drafting and legislative processing to bring greater efficiency, not only to debates in chamber but also to the drafting and processing stages of the legislative process; (ii) the design and installation of a system for drawing up the legislative agenda, prioritized and approved through a process of consultation and analysis that assures better quality in terms of legal consistency, feasibility of application and awareness of socioeconomic impact; and (iii) the creation of a Legislative Advisory Office-Legal Drafting Unit, common to both chambers and endowed with a system for identifying, selecting and hiring experts to advise the standing commissions in their research, analysis and enactment of legislation. The latter in particular will include measures for strengthening the capacity of legislators to identify and analyze environmental, gender and equity aspects. The details of this unit are presented in Document XII (technical files).
- 2.10 Oversight function component (total cost: US\$555,000). This component is intended to support the design, formation and initial functioning of the Legislative Advisory Office - Budget and Macroeconomic Monitoring and Evaluation Unit. This unit, common to both chambers, will be specialized in the process of formulating, monitoring and evaluating the State's budget and macroeconomic management. The unit will also serve as a technical link with the Comptroller General's Office and will have a system for identifying, selecting and hiring experts to advise the Audit and Finance Standing Commissions.
- 2.11 Representative function component (total cost: US\$302,600). The aim of this component is to establish a system, at the standing commission level, for the scheduling and organization of hearings and other forms of citizen participation

during the legislative process. In particular, the system will ensure participation by community groups, women and youth, among others, through mechanisms for dialogue and consultation. An easy-access public information system will also be designed and implemented, and activities will be carried out to highlight the importance of the work of the legislator.

- 2.12 Administrative-financial systems component (total cost: US\$540,000). This component will draw up a plan for the internal administrative development of both chambers, and administrative structures will be strengthened in the areas of planning, budgetary-financial management, human resources, administrative and general service systems. This component will include systems of managerial decision and information, internal control of Congress, and staff career and training mechanisms. Funding will also be provided for studying the institutional development of Congress.
- 2.13 Information technology development component (total cost: US\$3,335,678). This would include the procurement, development, adaptation, installation and initial operation of the information technology systems needed to support the legislative, supervisory and representative functions, and to modernize the internal administration of Congress. The component will include information technology systems to support discussion in the Senate, and for overseeing legislative procedures, a network (intranet and internet) providing access to information in support of legislative tasks, a public information computer network, administrative information technology systems, the procurement of the necessary support equipment to set up the infrastructure for the systems mentioned above, and the establishment of an Information technology Development Unit. Document IX (technical files) gives details of this component.
- 2.14 Infrastructure and equipment component (total cost: US\$12,947,700). This component will rehabilitate, upgrade and expand the facilities of the present Congress building to the minimum level needed to provide a physical base for the modernization program and for fulfillment of the institution's legislative, oversight, representative and administrative-financial functions. The breakdown is expected to be as follows: rehabilitation and remodeling of current structures: US\$815,450; expansion of working areas for legislators and staff: US\$6,092,900; electrical systems, air conditioning, elevators and sanitary systems: US\$3,876,200; equipment: US\$1,364,850; rehabilitation of car park, circulation, urban development and gardens: US\$148,300; supervision of civil works: US\$650,000. The project proposal is detailed in Document VIII (technical files).
- 2.15 General coordination component (total cost: US\$2,440,180). Complementary to all the technical components, a general coordination component will be implemented to oversee and manage the implementation of both Subprogram I (National Congress) and Subprogram II, (Comptroller General). An advisory service will be

provided to the executing unit, area activities will be coordinated, and secretarial and logistic support will be made available for project execution.

2. Subprogram II – Comptroller General (total direct cost: US\$2,444,200)

- 2.16 Consulting services and training will be financed to support the drafting and promotion of a proposal for an up-to-date legal framework; assistance will be provided in drawing up a strategic plan for the institution; technical-administrative structures will be strengthened in the areas of planning, budgetary and financial management, administrative and professional staff career and training mechanisms; manuals and technical handbooks for a fiscal audit system will be prepared, and training tasks will be carried out for purposes of assimilating the information contained therein. This component also includes the procurement, installation and initial operation of the necessary information technology systems and infrastructure.
- 2.17 Legal framework component (total cost: US\$74,000). This component will provide support, through specialized advisory services, for drafting a legal framework proposal (constitutional, legal and organizational regulations). The proposal will provide guidelines for a modern and specialized control body, shedding the work of administrative tribunal, for example, or that relating to prior or concurrent monitoring. Forums and workshops, aimed at the powers of State and other representative sectors of Dominican society, will also be held under this component to promote the new proposed legal framework.
- 2.18 Institutional development component (total cost: US\$2,029,400). Through this component, which can be implemented even before the new regulatory framework proposed for the previous component comes into force, a strategic plan will be drawn up for the institution, specifying its mission, vision, objective, targets and actions to be undertaken. Implementation will be supported on the basis of its strategic plan, through activities to strengthen technical-administrative structures in the areas of planning, budgetary and financial management, and staff career and training mechanisms at both the administrative and professional levels. The component will include drafting a regional development plan for the institution. It would also include the procurement, installation and initial operation of the necessary information technology systems. The coordinating unit of the Comptroller General subprogram will be supported through permanent advisory services specialized in this modernization process.
- 2.19 Professional government control component (total cost: US\$340,800). Tools will be developed through this component to make it possible to strengthen the national fiscal audit system. Technical working guidelines will be drawn up, establishing requirements for each phase of the audit. These guidelines will be consolidated in the government audit manual. Training will begin with audit personnel and continue thereafter with the remainder of the permanent staff and employees.

- 2.20 The components of the two subprograms mentioned above, for the National Congress and the Comptroller General's Office respectively, have been developed in accordance with the logical framework methodology, the summary table for which is attached as Annex I to this document. This logical framework, which specifies objectives, components, activities, performance indicators, means of verification and assumptions, will form part of the program's work plan, and will be a fundamental tool for overseeing and appraising its progress.

E. Total cost and financing

1. Budget

- 2.21 The total cost of the proposed program amounts to US\$28.0 million. IDB funding will amount to a total of US\$22.3 million, financed out of the Bank's ordinary capital (the interest on which will be subsidized by resources from the Intermediate Financing Facility). The local counterpart to be provided by the borrower will amount to US\$5.7 million. The general terms and conditions of the loan are set out in the Executive Summary. The following table provides a summary of the budget by investment category and type of financing. The detailed cost table is presented in Document V (technical files).

Distribution by category (in US\$)

	IDB	LOCAL	TOTAL
1. INDIVIDUAL CONSULTANTS			
1.1 International	1,585,000	-	1,585,000
1.2 National	1,685,000	432,000	2,117,000
1.3 Travel allowances and other benefits	190,300	18,000	208,300
1.4 Travel	62,800	12,000	74,800
2. CONSULTING FIRMS			
2.2 International firms	890,000	-	890,000
2.1 Local firms	607,000	-	607,000
3. INFRASTRUCTURE AND EQUIPMENT			
3.1 Infrastructure works	8,235,542	2,697,308	10,932,850
3.2 Equipment	1,023,638	486,213	1,509,850
4. INFORMATION TECHNOLOGY			
4.1 Information technology equipment	2,880,678	-	2,880,678
4.2 Software and accessories	350,000	-	350,000
5. OTHER EXPENSES			
5.1 Local staff	-	572,400	572,400
5.2 General support	-	1,094,080	1,094,080
5.3 Training	261,000	-	261,000
5.4 Institutional development studies	300,000	-	300,000
5.5 Events, publicity and publications	295,000	120,000	415,000
5.6 Other	72,000	48,000	120,000
5.7 Contingencies	1,160,042	-	1,160,042
6. FINANCIAL COSTS			
6.1 Interest	2,279,000	-	2,279,000
6.2 Credit fee	-	220,000	220,000
6.3 Inspection and supervision fee (FIV)	223,000	-	223,000
6.4 External audit	200,000	-	200,000
TOTAL	22,300,000	5,700,000	28,000,000

2.22 The table below summarizes the distribution of estimated costs by component.

Distribution by component (in US\$)

COMPONENT	FINANCING			
	IDB	LOCAL	TOTAL	%
Subprogram I. National Congress				
1. Legislative function	1,016,600	336,000	1,352,600	4.83
2. Oversight function	333,000	222,000	555,000	1.98
3. Representative function	302,600	-	302,600	1.08
4. Administrative-financial systems	540,000	-	540,000	1.93
5. Information technology development	3,335,678	-	3,335,678	11.92
6. Infrastructure and equipment				
Rehabilitation and expansion	8,235,542	2,697,307	10,932,849	39.05
Equipment	1,023,638	341,213	1,364,851	4.87
Supervision	650,000	-	650,000	2.32
7. General coordination	876,700	1,563,480	2,440,180	8.72
Total Subprogram I	16,313,758	5,160,000	21,473,758	76.72
Subprogram II. Comptroller General				
8. Legal framework	74,000	-	74,000	0.26
9. Institutional development	1,709,400	320,000	2,029,400	7.25
10. Government control	340,800	-	340,800	1.22
Total Subprogram II	2,124,200	320,000	2,444,200	8.73
Contingencies, financial costs and audit				
11. Contingencies	1,160,042	-	1,160,042	4.14
12. Interest	2,279,000	-	2,279,000	8.14
13. Credit fee	-	220,000	220,000	0.79
14. Inspection and supervision fee	223,000	-	223,000	0.80
15. External audit	200,000	-	200,000	0.71
TOTAL	22,300,000	5,700,000	28,000,000	100%

2. Local counterpart and recurrent costs

2.23 Local counterpart. The local counterpart for executing the program will come from the budget of the National Congress. The agreement to be signed between Congress and the government requires the latter to make provision for items corresponding to both the counterpart and Bank financing. This agreement also establishes a mechanism for the rapid transfer of funding and counterpart resources. Apart from this, the Congressional Budgetary Autonomy Act assures the effective availability of the corresponding funds.

2.24 Recurrent costs. In Subprogram I - National Congress, there will be significant recurrent costs arising from implementation of the program that will continue execution, as follows: i) maintenance of new installations and equipment; and

ii) operation of new systems and units to be installed in the framework of the project (Legislative Advisory Office and Information technology Development Unit). These are estimated to amount to approximately US\$675,000 per year starting in the fourth year of program execution. This sum should represent less than 10% of the current congressional budget, plus an annual increase of about 3% during execution, which it is understood would be absorbable without difficulty by the institution. The Congressional Budgetary Autonomy Act ensures the allocation of such funds, and the contract to be signed with the Bank will include the corresponding maintenance clauses. For the functioning of the Legislative Advisory Office, during execution of the program a decreasing graduated funding mechanism is envisaged by the Bank, whereby Congress gradually takes over responsibility for financing, assuming the entire burden by the end of execution.

F. Disbursements

1. Conditions precedent

- 2.25 As special conditions precedent to disbursement of program funds, apart from what is specified in the general terms of the contract: a) the agreement for program execution between Congress and the government must be signed; and ii) the Technical Unit for executing the program must be set up as described in paragraphs 3.2 to 3.4.
- 2.26 In addition, in Subprogram I - National Congress, the following special conditions will apply precedent to disbursement of funds for: a) hiring advisors to the standing commissions: the legislative advisory office must be installed and its operating rules approved; b) consulting services and information technology infrastructure, except those relating to the Technical Unit: an information technology area coordinator must have been hired; and c) the information technology system of the Senate chamber: the internal regulation authorizing electronic voting must have been approved.
- 2.27 Similarly in the case of Subprogram II - Comptroller General, the following special conditions will apply precedent to: a) the initial disbursement of subprogram funds: the agreement for program execution between the National Congress and the Office of the Comptroller General must have been signed; and b) disbursements relating to the institutional development and government control components, above a limit of US\$350,000 (for preparation of its strategic plan, organizational redesign, computers, training and coordination support): there evidence must be presented that adequate physical installations exist for carrying out the subprogram.
- 2.28 To facilitate a rapid commencement of activities, the Bank will be able to make special disbursements before the conditions precedent to disbursement have been fulfilled, up to a value of US\$600,000, once the requirements established in clauses (a), (b) and (e) of Article 4.01 and Article 4.03 of the general rules of the contract

have been met. Such funds will mainly be used to support setting up the Technical Unit of Congress and the Coordinating Unit of the Comptroller General's Office by hiring external consultants and procuring information technology equipment.

2. Retroactive financing and recognition of expenditure

- 2.29 Expenses incurred by the National Congress on advance activities relating to its subprogram, during the 18 months prior to signing the agreement and as from the date of the funding application, can be recognized and charged against the local contribution up to a total of US\$200,000, provided the Bank considers the expenses concerned to be eligible.

3. Single currency facility and advance funding

- 2.30 The borrower has chosen to receive the loan disbursements under the dollar option of the Bank's single currency facility.
- 2.31 To facilitate execution of the program, at the executing agency's request, a revolving fund can be established for up to 5% of the total amount of Bank financing. This will be periodically replenished against the presentation of disbursement requests, duly documented and justified according to Bank norms. Constitution of this fund will be conditional on the executing agency complying with the conditions precedent to disbursement, as established in this document.

III. EXECUTION OF THE PROGRAM

A. Borrower and executing agency

- 3.1 The borrower in this operation will be the Government of the Dominican Republic. The executing agency will be the National Congress acting through the Technical Unit of its Joint Commission on Institutional Development and Modernization, which was established in resolutions passed by the Senate and the Chamber of Deputies on November 1, 1995, and October 26, 1995, respectively. To regulate fund transfer and other borrowing conditions, a agreement will be signed between the National Congress and the government, in the terms set out in Document VI (technical files).
- 3.2 The Technical Unit will consist of a professional staff of three, financed by local counterpart funds: a representative from the Senate, a representative from the Chamber of Deputies, and an Executive Director to head the Unit, appointed by common agreement by the presidents of the Senate and the Chamber of Deputies. The Executive Director will be directly responsible for executing activities and managing program resources.
- 3.3 To support program execution, via loan financing from the Bank, the Technical Unit will be supported with the following: i) a high-level international expert acting as technical coordinator, in charge of overseeing the technical activities of the program and coordinating the international and local specialists working in the different areas; and ii) an administrative-financial managerial unit responsible for matters relating to bidding processes, contracts, payments, accounting, etc. consisting of at least two professionals (one international and one local). This staff unit will be responsible for ensuring compliance with procedures agreed in the loan contract.
- 3.4 To facilitate knowledge transfer and ownership of the program, Congress will appoint from among its permanent staff at least one person in each of the areas/components, to serve as counterparts to the various external consultants to be hired.
- 3.5 Using counterpart funds, the National Congress will also provide support of a secretarial, communicational and logistic type, as required for carrying out the relevant activities. Document XI (technical files) provides details of organization for execution.
- 3.6 For the execution of Subprogram II, an interinstitutional agreement will be concluded between Congress and the Comptroller General along the lines of the draft agreement in Document VII (technical files). Under this agreement, the Technical Unit of the Joint Commission of Congress will be responsible for

administrative matters and day-to-day execution of the subprogram. The Comptroller General will be responsible for technical supervision. For purposes of such technical supervision, the Comptroller General will appoint from among its permanent staff, a coordinating unit consisting of a general coordinator and three professionals specialized in the areas of government control, information technology and administration, respectively, who will also serve as liaison with the Congress. To support the technical oversight of this subprogram, using proceeds from the Bank's loan, the Comptroller General's Office will be assisted by a Principal Advisor who will be an international expert on governmental control agencies.

B. Timetable and modality of execution and monitoring

- 3.7 The estimated period for executing the activities included in this program is three years. Document III (technical files) gives a detailed tentative schedule of activities. The technical characteristics of the program and the nature of its executing agency require it to be executed in a flexible way with continuous oversight. Execution is expected to be based on annual operating plans to be drawn up by the Technical Unit and reviewed by the Bank's technical team. The initial plan, as well as subsequent ones, will be drawn up on the basis of the objectives, activities and targets set out in the program's logical framework (see Annex I).
- 3.8 Annual administration meetings are expected to be held between the technical teams of the Bank and the National Congress, for monitoring and course adjustment during program execution. These yearly meetings will be supported by specialist external advisory services. For these purposes, the executing agency will hire an external evaluation consultant within six months of the start of the program, charged against the loan proceeds. During these annual meetings, the Technical Unit, in conjunction with the Bank's teams, will appraise fulfillment of the activities of the previous work plan and define the subsequent plan in detail. In the second of these annual meetings, a mid-term evaluation of the program will be carried out, which will also cover progress in achieving the operation's development goals and implementation of its components. The loan contract will specify that if an annual meeting decides that adjustments need to be made to the program, the borrower will take appropriate steps to carry out such changes. The evaluation will be conducted on the basis of indicators defined in the logical framework.
- 3.9 Bearing in mind that the Office of the Comptroller General is scheduled to move to a new site during the first year of execution of its subprogram, the activities of the latter will be carried out in two phases. In the first phase, component I of the legal framework will be executed, together with a minor part (up to a maximum of US\$350,000) of the institutional development component, namely design of the strategic plan and organizational redesign, computer purchase, the start of staff training and support for coordination. In the second stage, once the new

Comptroller General headquarters have been made ready, the institutional development component will be completed, and component III of government control will be executed (see conditions precedent in paragraph 2.27).

C. Civil works contracting, procurement of goods and services, and hiring of consulting services.

- 3.10 The contracting of civil works, procurement of goods and services and hiring of consulting services will be carried out in accordance with Bank procedures, which are set out explicitly as annexes to the loan contract. Annex II to this document sets out the plan for contracting civil works and the procurement of goods and services.
- 3.11 The program includes civil works to refurbish and expand the Congress building, to a maximum value of US\$10,932,850. This work will include restoration and remodeling of the structures of the present building; working areas will be expanded for legislators, commissions, party groupings and staff; electrical systems will be brought up to date, along with air conditioning, elevators and bathrooms; and congressional installations will be generally upgraded to the minimum level required for the institution to function adequately. Document VIII (technical files) contains plans at the preliminary draft level, together with a detailed description of the civil works to be carried out.
- 3.12 Through technical cooperation ATN/SF-6778-DR, currently being executed, the final design of the civil works and preparation of the bidding documents for construction have already been contracted out. This documentation is expected to be ready by August 2000. The loan contract establishes a US\$1.5 million limit for international public bidding in the case of civil works. Notwithstanding this, the whole of the program's civil works is expected to be awarded via international public bidding (ICB).
- 3.13 The program provides for the hiring of consulting services (individual and firms) to a value of US\$5,768,300. The indicative terms of reference are set out in detail in Documents I and II (technical files). The definitive terms of reference will have to be presented for Bank approval before the signing of the respective contract. In general, consulting services costing US\$200,000 or above will be awarded via international public bidding. The procedures set out in Annex D "Procurement and hiring procedures for minor amounts" will be followed when hiring consulting services for amounts under US\$200,000.
- 3.14 To supervise the rehabilitation and expansion work in the National Congress building, a high-level specialized consulting firm will be hired, financed out of program funds. The corresponding contract, whose ground rules are also being prepared under technical cooperation ATN/SF-6778-DR, will be awarded via international competitive bidding (ICB).

- 3.15 The program provides for the procurement of information technology and office equipment up to a value of US\$4 million. Document X (technical files) provides an indicative list of the equipment to be acquired. The purchase of the corresponding items will be via international competitive bidding (ICB) for amounts of US\$250,000 or above. In the case of purchases under US\$250,000, the procedures set out in Annex D of the contract mentioned above will apply.
- 3.16 The program also provides for up to US\$300,000 to be made available for future institutional development of the legislature and the Comptroller General's Office. These funds would be used to finance grass-roots studies and for drafting loan or technical cooperation operations within the Bank's operational program with the Dominican Republic. Drawing on these resources requires a prioritized request from the country's communication channels with the Bank, and the latter's approval.

D. Environmental and gender aspects

- 3.17 The Committee on Social and Environmental Impact (CESI) gave consideration to this program in its meeting of May 29, 1998. Document XIII (technical files) presents the corresponding environmental viability declaration. The recommendations made by CESI were taken into account by the project team in preparing the present program.
- 3.18 In particular, the following are envisaged:
- (i) The proposed program includes measures for strengthening the capacity of legislators and staff of the National Congress to identify and analyze environmental, gender and equity aspects in their parliamentary work. This will be done by including the issue in the advisory services to be provided at commission level as part of the legislative and oversight components.
 - (ii) The participation of community, women and youth groups in channels of dialogue and communication with civil society will be assured through regulations on the convening and holding of hearings and public information systems under the representative function component; and
 - (iii) Apart from complying with the country's current environmental regulations, the design and execution of civil works in the infrastructure and equipment component will include minimization of impacts caused thereby.

E. External audit

- 3.19 The Technical Unit will establish and maintain appropriate accounts and records, and will produce financial statements in accordance with generally accepted accounting principles. These accounts and financial statements will be audited annually by an independent firm of auditors acceptable to the Bank. Financial statements will be presented as from year one of project execution and throughout its subsequent life. The terms of reference for hiring the auditors will also include concurrent and selective auditing of the program's procurement and hiring processes, to ensure compliance with Bank procedures. The cost of audits will be charged against the loan proceeds.

IV. BENEFITS, RISKS AND VIABILITY OF THE PROGRAM

A. Benefits

- 4.1 By their nature, the investments involved in a program such as this do not lend themselves to wholesale use of traditional cost-benefit analysis. Nonetheless, studies in other disciplines, such as political science, sociology or historical-institutional studies, clearly demonstrate the contribution that a strong and efficient legislature, together with a modern external audit agency like the Comptroller General, can make to the democratic process and economic development. Furthermore, theoretical analysis and practical experience both show that the best way of strengthening the role and importance that this type of institution can acquire is by modernizing its internal systems and improving its management capacity.
- 4.2 The present program seeks to obtain direct and indirect benefits that can be viewed from three basic standpoints:
 - (i) A fundamental improvement in the legislative function of the National Congress. This will lead to laws of greater legal consistency, and a better understanding of their socioeconomic impact;
 - (ii) A quantitative and qualitative increase in the supervisory function of Congress and the Comptroller General's Office. This will lead to an efficient discharge of constitutional control functions, with a radical improvement in transparency, cost effectiveness and assignment of responsibility; and
 - (iii) A strengthening of the representative function of Congress. This will enhance the relevance of legislation, and will make its application and enforcement more realistic and viable.
- 4.3 To measure the likely impact of the respective subprograms on the legislative, oversight and representative functions, as well as on the administrative areas of Congress and the functions of Comptroller General, the operation includes a specific activity to support the executing agency. For this purpose: (a) base indicators will be prepared at the start of execution, relating to these functions and areas; (b) during execution, aspects in which the program is expected to have an influence will be monitored, such as the characteristics of legal drafting, contact with the public, government control interventions, etc.; and (c) at intermediate stages and at the end of program, the indicators designed will be measured and the results evaluated.

B. Risks

- 4.4 Risk factors in the program arise from the relative weakness of current congressional and Comptroller General administrative structures, and the inexperience of each of these bodies in handling this type of operation.
- 4.5 In view of the situations mentioned above, the following safeguards have been taken to mitigate these risks:
- (i) A simple structure has been agreed for implementing the program. The National Congress, acting through the Technical Unit of its Joint Commission, will be the body responsible for executing the entire program. The Comptroller General, through an interinstitutional agreement already negotiated with Congress, will be in charge of overseeing technical aspects exclusive to its subprogram.
 - (ii) The program provides for a strong general coordination component to support the Technical Unit during execution;
 - (iii) In addition, the following are envisaged for executing the various components of the project: i) a work mechanism under which teams will be made up, as appropriate, of legislators, technical staff and officials of the bodies concerned, together with external consultants, with supervision by the Technical Unit; and ii) a flexible modality with continuous monitoring, based on annual operational plans to be drawn up by the Technical Unit and reviewed by the Bank team.
- 4.6 Another major risk of the program relates to the political nature of an institution like the National Congress, the functioning of which requires constant negotiation and coordination between the different parties. Management of this risk began during preparation of the program, requiring a joint commission to be set up, with delegates from all political blocs represented in Congress, who would give strategic direction to the work. This commission was established under resolutions passed by plenary sessions of the respective chambers of Congress, and is a mechanism that will continue operating during program execution.

PROGRAM FOR MODERNIZING THE NATIONAL CONGRESS AND THE OFFICE OF THE COMPTROLLER GENERAL (DR-0106)
LOGICAL FRAMEWORK

BRIEF SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
OVERALL AIM <p>The overall aim of this operation is to strengthen governance in the Dominican Republic. The program is expected to contribute to this through two main objectives: i) to support the authorities of the National Congress and the Office of the Comptroller General in the modernization of their respective bodies.</p>			
AIM I – NATIONAL CONGRESS			
<p>The main objective of this subprogram is to support the modernization of the National Congress in carrying out their oversight program. The main specific objectives, which will be: i) strengthening of its institutional functions will improve its legislative capacity; ii) to enhance the effectiveness with which it discharges its oversight functions; and iii) to increase its capacity to carry out its representation functions.</p>	<p>A strengthened National Congress, enacting a larger number of laws in the national interest that are technically better drafted, undertaking oversight work of significance, and consolidating citizen representation channels.</p>	<p>Qualitative and quantitative impact indicator reports on carrying out congressional work</p>	<p>Political coordination between the different political blocs to carry out the reform and modernization process.</p>
AIM II – COMPTROLLER GENERAL			
<p>The main objective of this subprogram is to support the modernization of the Office of the Comptroller General in its oversight program. The main specific objectives will be: i) to increase the independence and effectiveness of its work; and ii) to improve its technical capacity to carry out its responsibilities.</p>	<p>A Comptroller General's Office acting independently in its external governmental audit work, with greater efficiency in its professional oversight function and undertaking work of substance.</p>	<p>a. A new Comptroller General Law b. Annual Report to Congress</p>	<p>Effective political support will in the Congress within the legislature to move ahead with the reform and modernization process.</p>

BRIEF SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
TS MI - NATIONAL CONGRESS			
FUNCTION			
and implement an internal regulatory work and systems for parliamentary discussion, drafting and legislative processing to bring greater transparency, not only to debates in chamber but also to passing stages of the legislative process.	a. New internal regulations for the Senate and Chamber of Deputies approved by 4/01. b. Technical legislative manual and training workshops finalized by 8/01.	a. Minutes of congressional sessions b. Progress reports	Political agreements to carry out changes.
to set a system for drawing up the legislative agenda prioritized and approved through a process of consultation and analysis that assures better quality in legal consistency, viability of application and social and socioeconomic impact.	a. System for drawing up the agenda approved by Congress by 6/01. b. Coordinated medium-term legislative agenda, with laws analyzed and made public by 12/01.	a. Minutes of congressional sessions b. Public congressional documents	(idem above)
to create a Legislative Advisory Office-Legal Drafting Unit common to both chambers and endowed with a mandate for identifying, selecting and hiring experts to support the standing commissions in their research, and enactment of legislation.	a. Legislative Advisory Office – Legal Drafting Unit established by internal resolution of both chambers by 3/01. b. Specialized technical advisory services completed for six legislative bills by 9/01, 16 bills by 9/02, and 30 bills by 9/03.	a. Minutes of congressional sessions b. Progress reports	(idem above)
FUNCTION			
to create a Legislative Advisory Office - Budget and Macroeconomic Monitoring and Evaluation Unit. This Unit, common to both chambers, will be specialized in the process of formulating, monitoring and evaluating budget and macroeconomic management. The Unit will also serve as a technical link with the Comptroller General's Office and will have a system for identifying, selecting and hiring experts to advise the Audit and Finance Standing Commissions.	a. Legislative Advisory Office -Budgetary and Macroeconomic Evaluation and Monitoring Unit established by internal resolution of both chambers by 3/01. b. Specialized technical advisory reports for six bills completed by 9/01, 16 by 9/02 and 30 by 9/03.	a. Minutes of congressional sessions b. Records of the Audit and Finance Standing Commissions	Parallel development Comptroller General's Office and integration government financial management in place.

ATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
LEGISLATION FUNCTION			
Install a mechanism, at the standing commission level, for communicating with the citizenry society, with respect to the organization of hearings, inquiries and other forms of citizen participation during the legislative process.	a. System of relating to society installed and operational at the standing commission level by 6/01. b. Three public hearings held by 9/01, nine by 9/02, and 15 by 9/03.	a. Minute of inauguration of Center b. Minutes of meetings	
Install and initially operate a public information system including data on the legislative process and a system of accountability through a database and manuals (see informatics development component)	a. Public information system installed and operating by 6/01, and with 1200 visits-inquiries made by 6/02 and 4000 by 6/03. b. Summary bulletins of legislative activity and individual information published in 1/02 and 1/03.	a. Minute of inauguration and computer records b. Published documents	Legislators willing to make their work public.
Implement a legislator's ethical code and a campaign to highlight the image of the legislative branch	a. Ethics code approved by both chambers of Congress by 6/01. b. Communication program designed and implementation started by 9/01.	a. Minutes of congressional sessions b. Progress report	
ADMINISTRATIVE-FINANCIAL SYSTEMS			
Implement an administrative restructuring plan in both chambers of Congress, to facilitate internal management and provide adequate support for their work of legislation, oversight and administration.	a. Administrative restructuring plan with quantifiable targets completed and approved by 9/01. b. Plan implemented at the 60% level by 9/02 and 100% by 9/03.	a. Minutes of congressional sessions b. Program progress reports	
Support the initial functioning of systems of management and human resource administration, financial management, internal administrative management, as well as general and technical services.	a. Human resources manual; administrative manual; financial management manual; general service and staff training manual completed by 2/02. b. Human resources, administrative, financial management and informatics systems, together with staff training plan, fully operational by 12/02.	a. Documents of the executing unit b. Program progress reports	
TECHNICAL DEVELOPMENT			
Adapt in the Senate chamber a computerized system for electronic voting, speechmaking, quorum monitoring, monitoring of agenda and audiovisual	a. System installed and fully operational in the Senate chamber by 9/01.	a. Inspection and program progress reports	Regulations allowing electronic control.

BRIEF SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Install informatics systems for legislative processing and put them into operation in each chamber of Congress.	a. System fully operational by 12/01.	(idem supra)	
Install an internal electronic information network with activities, reference documentation and connections with Congress (internet-intranet).	a. Information network usable by 12/01.	(idem supra)	
Install and put into operation a public information system (see 3.2).	(See indicators point 3.2)	(see Means of Verification, point 3.2)	
Install the necessary computer programs to support the management tasks of Congress.	a. Computer programs installed, accessible and in daily use in administrative tasks by 12/02.	a. Inspection and program progress reports	
Install an informatics platform and infrastructure to support congressional information systems and create an informatics development unit (IDU).	a. 50% of servers, cabling and terminals installed by 12/01 and 100% by 12/02. b. IDU created by 12/00.	a. (idem supra) b. Resolution setting it up	
STRUCTURE AND EQUIPMENT			
Carry out tasks of rehabilitation, upgrading, expansion and fitting out of the National Congress building, to a minimum level required for providing the basis for the modernization program, and to enable it to fulfil its legislative, oversight, representation and administrative-financial functions.	a. Adjudication of bidding process and signing of contract for carrying out civil works by 12/00. b. Completion of civil works and total readiness by 7/02.	a. Minutes of adjudication of bidding and contract document signed b. Civil works supervision report	Bidding and adjudication process unchallenged
Carry out the civil works and fitting out of the National Congress building.	a. Signing of contract with consulting firm by 12/00.	a. Contract document signed	(idem above)
COORDINATION			
Coordinate the technical and administrative aspects of the modernization program. This includes funding for the executing unit, and is provided through specialized advisory support together with secretarial and logistical support.	a. Technical direction set up by 12/00. b. Progress in executing the program: 30% by 9/01, 70% by 9/02 and 100% by 9/03.	a. Contracts signed b. Program execution reports	Availability of suitable professional staff

BRIEF SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
PHASE II - COMPTROLLER GENERAL			
LEGAL FRAMEWORK			
To coordinate a proposal for a legal framework for the definition and application of the powers and functions in the area of governmental control, and to ensure the independence of the Comptroller General in the exercise of its functions objectively and equitably.	<ul style="list-style-type: none"> a. New legislative bill for CG, including concepts such as management audit, elimination of prior control and budgetary autonomy, approved by the Chamber, and organic regulation of CG drafted and approved by 6/01. b. Four forums and workshops to analyze and discuss the new legal framework by 12/01. 	<ul style="list-style-type: none"> a. Document of legislative bill, organic regulation and plenary resolutions from the Comptroller General's Office b. Reports of events 	Top-level support from CG.
ORGANIZATIONAL DEVELOPMENT			
To develop a strategic plan for the institution to provide it with a clear vision of its mission as the supreme audit and an organizational design compatible with its functions.	a. Strategic plan and organizational design compatible with organic regulation finalized by 6/01.	a. Annexes of progress reports produced in the coordinating unit	
To develop and support the initial functioning of systems for management and human resource administration, financial management, internal administration, support and services to facilitate the implementation of the strategic plan.	<ul style="list-style-type: none"> c. Human resource manual, administrative manual, financial management manual, staff training plan and master computer development plan all finalized by 9/01. d. Computer equipment purchased and installed, computer systems developed and 30% of staff trained by 12/01. e. Human resource, administrative, financial management, and informatics systems, together with staff training plan, fully operational by 6/02. 	<ul style="list-style-type: none"> a. Annexes to progress reports b. Physical inventory and reports on training courses c. Intermediate assessment of the subprogram 	Timely availability of new CG building.

ATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPT
MENTAL CONTROL			
chnical handbooks, audit manuals, staff programs and informatics programs aimed at technical capacity in the area of national audit.	<ul style="list-style-type: none"> a. Ethical code, technical handbooks and audit manuals, covering areas of: planning, evaluation, evidence, oversight, quality control, reports and system for following up recommendations, prepared by 9/01. b. Computer equipment purchased and installed, computer systems developed and 35% of auditors trained by 12/01; 90% of auditors trained by 9/03. c. 100% increase in number of audits carried out and annual report to Congress, including management financial and legality terms by 12/02. 	<ul style="list-style-type: none"> a. Annexes to program progress reports b. Physical inventory and reports on training programs c. Annual audit plan and audit reports 	Timely avail of new CG building.

Dates referred to in the logical framework take September 2000 as the date for initiating program activities. These calendar dates have been given as they are meaningful in terms of the political and institutional timeframes of the executing agencies. Dates will probably have to be pushed back depending on the real

PLAN FOR CONTRACTING OF CIVIL WORKS AND PROCUREMENT OF GOODS AND SERVICES

CATEGORIES	TOTAL AMOUNT (US\$ thousand)	% FINANCING		TYPE OF CONTRACTING ³	DATE
		IDB	LOCAL		
WORKS					
Renovation and expansion of National Congress building	10,933	80	20	International competitive bidding	September 2000
Procurement of goods and related items					
Renovation of National Congress building	1,365	80	20	International competitive bidding	September 2000
Infrastructure (cabling, computers, servers, or software) for the National Congress	1,780	100	—	International competitive bidding	January 2001
Infrastructure for the Comptroller General's Office, (computers and software)	180	100	—	International competitive bidding	September 2000
Infrastructure for the Comptroller General's Office, (cabling, servers, computers and software)	580	100	—	International competitive bidding	March 2001
Services provided by consulting firms					
Supervising firm	650	100	—	International call for proposals	September 2000
Business consulting firm	102	100	—	Public unrestricted call for proposals	October 2000
Pre-financial systems consulting firm	240	100	—	International call for proposals	October 2000
Information technology system consulting firm, Senate	740	100	—	International call for proposals	December 2000
Information technology system consulting firm, legislative	235	100	—	International call for proposals	January 2001
Information management-strategic plan, Comptroller General	35	100	—	Restricted call for proposals	September 2000
Information management-information technology plan, Comptroller	40	100	—	Restricted call for proposals	March 2001

Publication of call for bids in *Development Business*.

Call.

Conditions of these methods are detailed in the following annexes: Bidding Procedures, Procedures for Selecting and Hiring Consulting Firms or Individual Consultants, and Hiring Procedures for Minor Amounts. The calendar dates referred to take September 2000 as the date of commencement of program activities.

RGII-DR144P
DR-0106
Original: Spanish

PROPOSED RESOLUTION

**REPUBLICA DOMINICANA. LOAN No. ____/OC-DR
TO THE REPUBLICA DOMINICANA**

(Modernization Program for the "Congreso Nacional" and the "Cámara de Cuentas")

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República Dominicana, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Modernization Program for the "Congreso Nacional" and the "Cámara de Cuentas". Such financing will be for the amount of up to US\$22,300,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the "Financial Terms and Conditions" and to the "Special Contractual Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

**REPUBLICA DOMINICANA. PARTIAL PAYMENT OF INTEREST ON
LOAN No. ____/OC-DR TO THE REPUBLICA DOMINICANA**

(Modernization Program for the "Congreso Nacional" and the "Cámara de Cuentas")

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, as administrator of the Intermediate Financing Facility Account, hereinafter referred to as the "account", to enter into such contract or contracts as may be necessary with the República Dominicana, as Borrower, and to adopt such other measures as may be necessary to utilize the resources of the account to pay a part of the interest due by the Borrower on outstanding balances of up to US\$22,300,000 of the loan authorized by Resolution DE-____/____, in accordance with applicable Bank policy.

This Resolution will take effect only if the Bank determines that it has sufficient resources available for the República Dominicana in its Intermediate Financing Facility Account, to apply to the loan authorized by Resolution DE-____/____, in accordance with applicable Bank policy.