

ARGENTINA

**PROGRAM FOR THE INSTITUTIONAL STRENGTHENING OF THE
ARGENTINE SENATE**

(AR-L1008)

LOAN PROPOSAL

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| Electronic Links and References ¹ | |
|---|---|
| ABBREVIATIONS | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429264 |
| STATUS OF LOANS IN EXECUTION & LOANS APPROVED | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429248 |
| TENTATIVE LENDING PROGRAM | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429281 |
| PROJECT TECHNICAL FILES | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429279 |
| LOGICAL FRAMEWORK/ POLICY LETTER | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429274 |
| Procurement plan/ Means of verification | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=429278 |

¹ Annexes/documents needing translation should be sent to the Secretariat electronically through the “Document Distribution Request System (DDR).” Files should be submitted in Word, Excel, or PowerPoint.

EXECUTIVE SUMMARY
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| Financial Terms and Conditions¹ | | | |
|--|------------------------------|---------------------------------|--|
| Borrower: the Argentine Republic Guarantor: Not applicable Executing agency: Presidency of the Honorable Senate of Argentina | | Amortization period: | 20 years |
| | | Grace period: | 5 years |
| | | Disbursement period: | 5 years |
| Source | Amount (US\$ million) | Interest rate: | Libor-based option |
| IDB (OC) | 4.8 | Inspection and supervision fee: | 0% |
| Local | <u>3.2</u> | | |
| Total | 8.0 | Credit fee: | 0.25 % |
| | | Currency: | United States dollars from the Single Currency Facility of the Bank's Ordinary Capital |
| Project at a Glance | | | |
| <p>The general objective of the program is to support the institutional strengthening of the Argentine Senate so as to improve its parliamentary and administrative management capacity in the context of greater transparency. The program has four components: (i) support for parliamentary management and the lawmaking process; (ii) administrative and financial management of the Senate; (iii) human resources management, optimization, and training; and (iv) change management and public information.</p> <p>Special contractual conditions: (See paragraph 3.16). The loan contract will reflect the following:</p> <p>(I) <i>Conditions precedent to the first disbursement of Bank financing.</i> The borrower is to submit to the Bank for its nonobjection evidence that: (i) the Project Coordination Unit (PCU) has been created with the minimum necessary staff to run it; (ii) the President of the Senate has issued a decree approving the Program Operating Regulations (POR) and the corresponding detailed procedures manual; (iii) the Parliamentary and Administrative Secretariats have adopted a joint resolution authorizing the annual work plan (AWP) agreed with the Bank for year one; and (iv) the executing agency and the Secretariats have implemented, to the Bank's satisfaction, appropriate internal audit and financial accounting records systems.</p> <p>(II) <i>Special conditions for execution:</i> The following must be submitted to the Bank for its consideration: (i) in the fourth quarter of each calendar year, a draft of the AWP for the next year; and (ii) the updated AWP, if applicable, before the end of each quarter. Also, the executing agency will be required (i) to make the AWP's available to the public on the Senate website; (ii) to hold briefing sessions with the civil society organizations every six months to keep them abreast of the advance of the program; (iii) to prepare and disseminate a summary of the briefing sessions; and (iv) to post on the Senate's website basic information about the program that is accessible to the general public.</p> <p>Exceptions to Bank policy: None.</p> <p>Project consistent with country strategy: Yes [X] No []</p> <p>Project qualifies as: SEQ [] PTI [] Sector [] Geographic [] Headcount []</p> <p>Reviewed by CESI on: 6 August 2004</p> <p>Social and environmental review: See paragraph 4.8</p> <p>Procurement: To follow Bank policy and procedures. See paragraphs 3.13 and 3.14</p> | | | |

¹ The interest rate, the credit fee, and the 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 recommendations. In no case may the credit fee exceed 0.75%, nor may the inspection and supervision fee exceed 1%. (*)

(*) In no case may the inspection and supervision fee for any given six-month period exceed 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.

I. FRAME OF REFERENCE

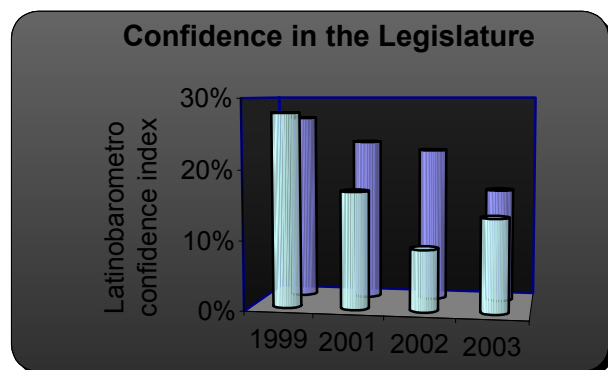
A. Introduction

1. The crisis of 2000-2001

- 1.1 In 2000, the Vice President of Argentina—and President of the Senate—stepped down from his post, complaining of alleged bribery in the Senate. This helped to unleash an institutional crisis that culminated in the resignation of the President of the Republic in December 2001. Between that date and the day the current administration took office, there was a succession of four different constitutional presidents.² This political crisis both preceded and accompanied the economic crisis produced by the collapse of the convertibility plan (June 2002), finding expression in massive popular demonstrations, which, at their toughest, called for an across-the-board resignation of executive and legislative officeholders.
- 1.2 During 2001, the mounting loss of credibility in economic policy and its sustainability proved irreversible. Massive withdrawals of bank deposits led to the adoption of a set of measures that practically paralyzed the payments and credit system. This was compounded by the suspension of public debt service payments to private creditors and the abandonment of the convertibility plan. Over the four years ending in late 2002, Argentina's gross domestic product had dropped 20%, leaving over half the population below the poverty line. Elections were called in May 2003 in view of the magnitude of the crisis. The current administration took office early, in June 2003, and will complete a four-year term, ending in December 2007, that coincides with the term of office of the current President of the Senate.

2. The perception of the Legislature and recent changes

- 1.3 The vast majority of data from recent years indicates that as a result of the crisis briefly outlined above, Argentina's legislative branch, together with its political parties, has been one of the institutions trusted the least by Argentines. At the same time, it enjoys one of the highest acceptance rates in democratic Latin America. According to a 2003 survey by *Latinobarómetro*, only 13% of Argentines are very or somewhat confident in the Legislature, which is less than the level of confidence in other



² Ramón Puerta (December 2001), Adolfo Rodríguez Saá (December 2001), Eduardo Camaño (December 2001), and Eduardo Duhalde (January 2002 – May 2003).

branches of government and authorities (executive and judicial branches, the Church), and higher only than the level of confidence in political parties. This confidence rating dropped to its lowest level (8%) in 2002 as a result of the institutional crisis.

- 1.4 There is consensus that the process of consolidating Argentina's democracy will necessitate strengthening the Legislature. In December 2001, with a view to restoring its institutional credibility and lending transparency to its activities, the Senate empanelled an Administrative Reform Committee made up of four senators. This Committee presented a proposal for comprehensive administrative reform of the Senate, and its recommendations centered around the following themes: (i) budget austerity; (ii) reform of the Senate Rules in order to make the process of drafting laws more efficient, and above all to reduce the number of standing committees; (iii) greater effectiveness and productivity in administrative management and in parliamentary support services; and (iv) development of mechanisms that improve and facilitate greater transparency and citizen participation.³ These recommendations, along with another 25 initiatives from individual senators, were analyzed and articulated in the form of draft rules of procedure by the Constitutional Affairs Committee, which approved them in October 2002. The full Senate gave its final approval to the new rules in December 2003. These reform and modernization proposals constitute the basis for this project.
- 1.5 In recent years the Senate had already begun to make major strides towards becoming more modern and opening up to society. Since the 1994 reform of the Argentine Constitution, the process of passing laws has been simplified. Now, the congressional chamber reviewing a bill that originated in the other chamber may only insist on amendments once. Before this limit was introduced, bills often bounced back and forth from one Chamber to the other, having been modified in form rather than substance, adding nothing to the bill itself, and ultimately hindering the work of the Legislature. The 1994 Constitutional reform also gave the Chamber the power to delegate the task of approving specific laws to its committees, thereby simplifying the process and enhancing the quality of debate.
- 1.6 In 1999, Law 25,188 on Ethics in Civil Service was approved and establishes in its article 10 that "once submitting a request, all persons may consult and obtain copies of all disclosure forms on file with the due intervention of the agency that recorded and filed them". In the case of the Argentine Senate, obtaining financial disclosure statements from all the senators became regulated by a presidential decree signed in April 2002; by submitting a written request to the Administrative Secretariat of the Chamber, one may receive a copy of any statement. The Senate's website was

³ Poder Ciudadano, **Informe Monitoreo Cívico del Senado Nacional** [Citizens' Monitoring Report on the National Senate], 2003

greatly modified and enhanced, making much more information available to citizens. Each legislator has his or her own page on which to publish personal information and information on their legislative work, public record, the committees on which they sit, etc. A significant number of projects (though not all) are available in digital format so that they may be consulted on the Internet.

- 1.7 In December 2002, the Senate approved several modifications to its Rules of Procedure, creating new citizen participation mechanisms that facilitate access to information generated by the Senate. Among these modifications are: (i) all voting of the full Senate must be done by roll call; (ii) committee meetings must be open to the public; (iii) the agenda, date, and time of plenary sessions and committee meetings must be published; (iv) access must be available to the list of attendees for committee meetings 72 hours after the meeting; (v) each year, secret and classified documents over 50 years old must be publicly disclosed; (vi) the broadcast of Senate sessions on the website must be guaranteed; and (vii) presidential decrees signed by the President of the Chamber must be published. These efforts constitute an important step toward enhancing the quality of Senate legislation in a more balanced and consistent manner.
- 1.8 Such efforts are slowly being reflected in a better perception of the Senate. In fact, in September 2004, the nongovernmental organization (NGO) *Poder Ciudadano*,⁴ which monitors the activities of the Legislature, released a new report about the monitoring it has been doing of the Argentine Congress since March of this year for purposes of analyzing some of the transparency policies the Congress has introduced. While the NGO highlights progress made in this regard, it cautions that “there is still a long road ahead.” Among the “positive” changes are an ever greater quantity of information published on the Senate website, and the publication of the administrative decrees issued by the President of the Senate and the scholarships and grants awarded by senators. However, in the case of the Chamber of Deputies, whose website has much more meager data available and whose Rules of Procedure lack provisions that encourage greater transparency, *Poder Ciudadano* cautions that access to information is “more cumbersome.”

B. The Argentine Senate

1. General framework

- 1.9 The Argentine National Congress is comprised of the Senate and the Chamber of Deputies. The Argentine National Constitution provides for a Senate comprised of three senators representing each province and three representing Buenos Aires, elected by direct vote and by slate, with two seats reserved for the political party that receives the highest number of votes and the third going to the political party

⁴ See <http://www.infocivica.org/nota.asp?ID=1609&Ultimo=1>

with the next highest vote count. Each senator has one vote. Currently, there are 72 senators serving six-year terms with no term limits. Every two years, the senate seats for one-third of the electoral districts are up for election. The Vice President of Argentina serves as President of the Senate, but votes only in the case of a tie.⁵

- 1.10 The Senate is organized around two Secretariats, which support the senators' work: the Parliamentary Secretariat⁶ and the Administrative Secretariat.⁷ The former provides direct support for drafting and enacting laws and regulations, while the latter is responsible for managing human resources and materials.
- 1.11 Congressional tasks are performed in the context of 24 standing committees, organized based on the main items on the legislative agenda. Each committee has a technical unit that provides technical, administrative, and management support for the day's agenda, but only in select cases do they have permanent staff. In addition to these committees, there are special, bicameral, and investigative committees. Each senator is free to choose his or her advisory staff, generally consisting of four technical advisors and a team of seven or eight assistants. The task of drafting the legislative agenda is left to the Parliamentary Business Committee. This committee is comprised of the President of the Senate and the chairs or vice chairs of the parties or voting blocks, and plays a strategic role within the legislative structure. The Senate uses this committee to determine which bills will be taken up by the full Senate and which will be deferred.⁸ There is also the Senate Agreements Committee, which decides on requests by the executive branch to appoint or remove high-level public officials.
- 1.12 In order to do its work, the Senate has a staff of approximately 2,900 civil servants, of whom 54% are permanent (special labor regime for Senate workers), 42% are temporary (general labor regime), and 4% have been hired to provide specific services. Eighty-five percent are professional and administrative civil servants and 14.5% are service personnel (assistants). Since 1999, there has been a hiring freeze on permanent staff, and their numbers have since dwindled from 3,252 to the current number of employees (an 11% decrease). The 2004 Senate budget equals approximately US\$43 million, 85% of which goes toward paying for salaries and benefits and 10% for maintaining building facilities and infrastructure, mainly the old Congress building.

⁵ **Argentine National Constitution**, Articles 54 and higher.

⁶ Comprising the Committee Support Office, Secretariat Office, Transcription Office, Legal Affairs Office, Publications Office, and the Federal Institute of Parliamentary Studies (IFEP).

⁷ Comprising the General Administration Office, the Office of Human Resources, and the Office of Institutional Image and Communications Technologies.

⁸ Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC), **El Poder Legislativo Nacional**, [The Argentine Legislative Branch] 2003

- 1.13 Lastly, it is important to note that unlike the Chamber of Deputies, Law 24,012 on quotas for women, which entered into force after the 2001 congressional elections, led to a significant increase in the number of women senators—there are now 25 compared with four or fewer as there generally used to be.

2. Main weaknesses in the Senate

a. Parliamentary management

- 1.14 The Senate's legislative business and the quality of the laws it enacts are limited due to the available system of advisory support, and the lack of methodologies and professional legislative personnel who specialize in assessing the feasibility, costs, and institutional, economic, and social impact of the bills. That notwithstanding, the Instituto Federal de Estudios Parlamentarios [Federal Institute of Parliamentary Studies] (IFEP) currently has both the capacity and political support to perform those tasks, but it lacks sufficient resources to do so. For the most part, legislative business falls to the legislative committees, which lack an appropriate operating structure and technical support for the senators who sit on them. Only some committees have technical units with permanent staff, and even when they do, there is not enough staff or they are moved about according to political contingencies even though law protects their permanent status. Additionally, the large number of committees complicates the senators' work as they are expected to sit on many committees, and because it is difficult to provide technical and administrative support to all of them.
- 1.15 The lack of an *institutionalized* system of technical legislative advisory assistance creates weaknesses that prevent guaranteed continuity, quality, and impartiality in the delivery of support services and in the preservation of institutional memory. The absence of preestablished, objective, and consistent processes for selecting and hiring civil servants and advisors means that advisory teams include many whose appointment or position may be based purely on politics rather than skill. This situation diminishes the quality of advisory assistance, which in turn specifically affects the quality of complex legislative processes, the capacity to assess the economy's behavior, and the approval, monitoring, and control of the budget. As a result, the task of oversight, which is critical for the Legislature's credibility, is seriously undermined.
- 1.16 Lastly, there are no methodologies in place for establishing and agreeing upon a legislative agenda that allows the work of the committees and of the Senate as a whole to be organized and coordinated, and advisory resources to be rationally allocated. Additionally, there are some monitoring and management tools for the process of drafting laws, but they are still not sufficient and are limited in their capacity to provide the necessary information in a transparent manner, both internally and to the public in general.

b. Financial and administrative management

- 1.17 **Budget and financial management.** The Senate enjoys autonomy in executing its budget, which comes from an appropriation from the general budget. While this appropriation is broken down into specific categories, enough flexibility remains to shift spending items between categories. There are limits, however, in terms of the Senate's ability to forecast, plan, and negotiate its budget appropriation with the executive branch given the ineffective tools for keeping records and monitoring budget performance. This means that the budget is formulated on an incremental basis, and not as a function of performance measures.
- 1.18 Budget performance is also lacking in terms of the record-keeping systems, particularly due to the absence of procedures and tools to integrate cash flow, accounting, and payroll functions. This makes it difficult to reconcile the various budget performance figures, generate periodic budget management reports, and render accounts as required in a context of transparency.
- 1.19 **Administrative processes, functions, and structures.** There are redundancies in the steps to be followed for administrative processes, even for the most basic or routine matters. As there are no procedures manuals, these processes follow different and inconsistent steps based on practices or customs entrenched over time, causing delays in matters such as procurement and hiring. All of this occurs in the context of a rigid and excessively bureaucratic organizational structure lacking in standard performance measurement and accountability mechanisms and leads to service that is slow, cumbersome, and low quality, not to mention lacking in the transparency needed for the Senate's support and legislative functions.
- 1.20 Additionally, regulations governing the Senate's administrative activities are dispersed among different instruments of varying legal or regulatory weight that mostly contradict one another and, by and large, are unknown to those responsible for enforcing them.
- 1.21 Lastly, the current organizational structure reflects a proliferation of small units scattered throughout the organization without clearly defined functions and responsibilities. Many of these units were created without first determining their relevance and reflect politically motivated decisions. As there are no functions or organizational manuals, it is difficult for civil servants, legislators, and the public alike to understand the role that each of these units plays in its respective area and to ensure proper coordination between the Administrative Secretariat and the Parliamentary Secretariat.
- 1.22 **Information technology services infrastructure.** The Argentine Senate has a basic, general-purpose information technology infrastructure that provides essential services to the different institutional players, including a data network that covers its five main buildings, including the Congress building and the Library building. It

keeps them linked, supports intranet and Internet access, and has basic computer hardware with software applications that support both routine tasks and primary parliamentary and administrative functions.

- 1.23 Nevertheless, with respect to *general-purpose infrastructure*, computer hardware has not been replaced quickly enough, meaning that approximately 30% of the PCs are obsolete and do not support the majority of available applications, while another 30% require additional upgrades in the short term. The situation is particularly serious in administrative areas, even critical in some. In the past two years, the network and data servers have been upgraded and 150 PCs have been purchased, and the Senate is currently in the process of purchasing 100 additional computers for administrative areas, although these are still not enough.
- 1.24 As far as *specific-purpose applications* are concerned, “improvised” applications predominate and are continually updated as new functionalities are identified. The Parliamentary Secretariat has a legislative tracking system that has been developed over the past 10 years and meets the basic needs of the Congress. The Administrative Secretariat has several software applications for accounting, cash flow, and budgeting, but they are unconnected, making integrating information difficult. In the case of the Parliamentary Secretariat, it will be necessary to reinforce the application and connect it to additional software utilities, and in the case of the Administrative Secretariat, it will be necessary to introduce an integrated tool that will definitively modernize the recording and processing of budget information. Lastly, the Senate lacks a system for tracking administrative paperwork, making many procedural steps and the proper filing of associated documents difficult and inefficient.

c. Management of human resources and the administrative career path

- 1.25 The main problem with human resources management in the Senate has to do with the fact that the administrative career service established in Law 24,600 (Statute and Career Service for the Staff of the Argentine Congress) was not implemented. As a result, there are no clear and objective systems for selection, evaluation, pay raises, and promotions, leading to great arbitrariness in the handling of appointments. This situation also contributes to the unrestrained growth of the administrative structure due to the creation of positions or agencies that are not always justifiable. And while these constitute problems for permanent staff, they have even more serious implications for temporary staff whose appointment and assignment to a job category is at the discretion of the senators. There are no job descriptions that establish minimum requirements for specific positions; with such arbitrariness, there is a high degree of turnover among advisors and high-level staff, which adversely affects the quality of the lawmaking process. Temporary hires who work in Congress are not required to work a set schedule.

- 1.26 There is also no systematic way of determining staff training needs, and thus training plans do not respond to and have little bearing on the real training needs of personnel or the position or to the requirements of the institution (e.g. job categories and staff promotions).
- 1.27 The management of information about congressional staff is scattered and lacking integration. Personnel files, personnel updates, payroll, and salary and wage payment records are managed by different staff and are neither checked nor consolidated, making it impossible to know what problems there may be. The perception exists that payments might be made without the proper confirmation or documentation. Procedures for reporting updated personnel information (hires, vacancies, leave, etc.) are inefficient and inconsistently followed, making it difficult to consolidate this information in a timely manner and creating problems in payroll management. These limitations are particularly critical in Congress where each senator is responsible for preparing and submitting the reports. Lastly, the procedure for monitoring attendance is based on a system of attendance lists managed by the head of each area and can easily be manipulated. As information is not consolidated, the magnitude of the absenteeism phenomenon remains unknown, but those who were asked agreed that the rate of absenteeism is high.

C. The Bank's country and sector strategies and lessons learned

- 1.28 The *Bank's country strategy with Argentina* for 2004-2008, approved by Management's Programming Committee, has as its main objective to help the country achieve sustainable and more equitable growth. It aims to concentrate Bank actions on the following areas: (i) strengthening institutions for better governance and fiscal sustainability; (ii) creating a more favorable climate for investment and productivity growth, thereby enhancing the country's competitiveness; and (iii) reducing poverty, rebuilding the human resource base, and promoting sustainable and inclusive social development. This program is consistent with that strategy.
- 1.29 The Bank's *strategy for Modernization of the State*⁹ states that the achievement of sustainable and equitable growth in the region depends on the simultaneous pursuit of two interdependent objectives: (i) the attainment of increased democratic political stability; and (ii) greater political inclusiveness, which allows for the effective representation of large sectors of the population that are presently excluded or unequally represented. The strategy indicates that strengthening the institutional capacity of the legislative branch is one of the areas in which the Bank can support countries with its programs and projects. This program is therefore consistent with the above strategy.

⁹ Document GN-2235-1 of June 2003

- 1.30 *Lessons learned.* A number of experiences show that projects aimed at modernizing the State have failed to appropriately bear in mind the institutional and political context. In the preparation of this operation, these factors have been taken into account and the political forces represented in the Senate and civil society organizations involved in issues related to the program have participated in each stage. Thus, there are activities specifically targeting change management and the implementation of a public information strategy.
- 1.31 Creating executing units with technical roles similar to those of the line units can lead to the creation of a parallel structure to the institution itself, and tends to generate friction, result in limited transfer of know-how, and add little permanent institutional added value. It has therefore been decided that this program will strengthen the line units involved in executing each component and create a small unit to provide administrative and technical support during execution.
- 1.32 The Bank's first legislative support operation was in 1991, when it approved a small (US\$15,000) nonreimbursable technical-cooperation program (ATN/SF-3715-CR) for Costa Rica's Legislative Assembly. This initial effort made it possible to prepare another focused on modernizing the Assembly's information systems, which translated into an operation for a total of US\$1.9 million (ATN/SF-4122-CR). Since that initial project, where the focus was exclusively on a specific administrative tool (computers), the Bank has supported the legislative branches of most of the borrowing countries with increasingly comprehensive projects that have come to include support for administrative services in their entirety and aim to improve the representative, legislative, and oversight functions of these bodies.
- 1.33 Based on that experience, and beyond the lessons learned in Modernization of the State programs, the project team has determined that there are three main specific lessons learned with regard to legislative branch projects: political support, specific targeting, and working step-by-step.
- 1.34 The success of programs to modernize legislatures, given the potential for politicization, depends on the clear support and commitment of the parties involved. Experience indicates that the most successful projects are those that have arisen out of windows of opportunity during crisis situations and whose design has been clearly adopted by the borrower. The project's main stakeholders are participating in its preparation, which is occurring within the context of the consolidation of democratic institutions in Argentina. The project, thus, seeks to implement and deepen reforms that have been the initiative of the Senate itself.
- 1.35 In a complex organization such as the Senate, it is equally important that actions and support be clearly targeted to internal groups with a clear interest in implementing the reforms and not necessarily pushing forward projects that are too broad—covering all legislative branch functions—and whose benefits are too

diffuse. The purpose of this project is to improve the Senate's legislative and administrative management capacity in a framework of greater transparency; this includes providing support for the efforts of the Parliamentary and Administrative Secretariats but not for activities associated with representation and oversight functions or dialogue with the executive branch.

- 1.36 Although the Senate has been in a process of reform for some time, it is crucial that support be provided gradually over the next four years. All change in an overtly political body requires consensus-building, which can only be achieved little by little. Special emphasis has therefore been placed on providing support gradually in order to ensure that reforms spread to the rest of the institution. In addition, the project targets only the upper chamber of the legislature, the Senate, given that conditions are not conducive to making a similar effort in the Chamber of Deputies. The expectation, however, is that many of the efforts undertaken in this project may someday be replicated in the lower chamber.

D. Coordination with other official development banks

- 1.37 Currently there are no programs to support the Senate being financed by other official development banks. Nonetheless, the Senate does have a number of agreements with foreign legislatures and with different international research organizations.

E. Program strategy

- 1.38 The Argentine Senate's institutional strengthening plan enjoys broad consensus among the political forces represented therein and draws on recommendations made by major think tanks and civil society organizations involved with the work of the legislature. The strategy for this program is designed to support the implementation of that plan, taking the strong commitment to see these changes through as a window of opportunity.
- 1.39 The types of indicators to be used for each component have to do with how administrative services will approach streamlining the organizational structure, reducing the number of steps associated with the principal administrative processes, and increasing their responsiveness, in both time and form, to the administrative needs of the legislators. With regard to parliamentary management, indicators will be related to an increase in the level of job skills of the support and advisory staff for the legislative committees and the increase in the parliamentary technical advisory capacity with regard to lawmaking and monitoring budget performance. Lastly, the human resource indicators will be associated with the establishment of the administrative career service, staff assignment procedures becoming increasingly based on real needs, and the implementation of training programs aimed at improving performance.

- 1.40 The Senate and the Chamber of Deputies share the Parliamentary Information Directorate, the Library of Congress, and the Employee Benefit Program (social benefits for public officials). Although the modernization of both bodies is essential to the modernization of the legislature as a whole, since it is bicameral, conditions are currently favorable for Bank support to focus initially on the upper chamber. Firstly, the President of the Senate has a six-year term, the same as the President of the Republic, which gives him a basis of continuity that is critical for a reform and modernization process like the one presented in the next section. Secondly, it is likely that many of the modernization processes could eventually be shared with the lower chamber, particularly in those areas and processes that are essentially analogous. The Bank has supported the modernization of both unicameral and bicameral legislatures, and in the latter cases it has supported only one of the chambers, as it did in Brazil.

II. THE PROGRAM

A. Objectives

- 2.1 The general objective of the program is to support the institutional strengthening of the Argentine Senate so as to enhance its parliamentary and administrative management capacity in a context of greater transparency.

B. Description and structure

- 2.2 The program has four components: (i) support for parliamentary management and the lawmaking process; (ii) administrative and financial management of the Senate; (iii) human resources management, optimization, and development; and (iv) change management and public information. In addition there are concrete actions in two crosscutting areas—information technology services and building management—which are specified within each component.

1. Support for parliamentary management and the lawmaking process (US\$1.6 million)

- 2.3 The objective of this component is to support the Argentine Senate in building its legislative capacity by providing the tools to improve quality in the preparation and drafting of laws and enhancing its oversight capacity. This component will allow for improvement of the direct support services for the lawmaking process and for strengthening the Argentine Senate's ability to discharge its legislative, representation, and oversight functions. The component includes activities under two subcomponents: (i) reorganizing and strengthening the Parliamentary Secretariat; and (ii) strengthening the specialized technical advisory services.
- 2.4 **Reorganization and strengthening of the Parliamentary Secretariat.** For the Parliamentary Secretariat to be able to strengthen its capacity to adequately manage the new services and technology introduced by the program, for both legislative committees and senators, the following activities are planned: (i) reorganization of the Parliamentary Secretariat's organizational structure; (ii) reorganization of the administrative support structure for legislative committees; (iii) implementation of a plan for instruction and training in legislative processes; (iv) modernization of the computerized legislative tracking system; and (v) modernization of systems for recording, storing, and transcribing committee and plenary sessions.
- 2.5 The reorganization of the Parliamentary Secretariat is being coordinated around a review of how functions and responsibilities are distributed and of its current administrative organization in order to develop a more simple design, clearer and more efficient processes, and a greater monitoring capacity. The administrative support structure for legislative committees will be reorganized through the design

and gradual implementation of a model of committee-based technical secretariats, with permanent staff, that will deliver timely and effective logistical and support services. At the same time, a plan for instruction and training in legislative processes, closely tied to the administrative career service included under the human resources management, optimization, and development component, will be implemented. The modernization of the computerized legislative tracking system will entail updating the web platform and improving document management and integrating these with a subject-matter classification system that will enable the user to retrieve bills related to specific issues. Lastly, the modernization of systems for recording, storing, and transcribing committee and plenary sessions includes an initial stage for introducing audio and visual digital recording and storage technologies, and developing recording logs and indexing them in such a way as to make the selective retrieval of segments easier and increase possibilities for analysis.

- 2.6 **Strengthening of specialized technical advisory services.** The variety of issues and the complexity of legislative business require a high capacity to assimilate and consolidate information together with an efficient mechanism for accessing and gathering specific data from external sources. Accordingly, the following are planned: (i) the creation of a permanent corps of high-level advisors; (ii) physical retrofitting of IFEP headquarters so that it may serve as the advisor training center; (iii) establishment of a fund from which to hire outside advisors specializing in fields that complement the expertise of the permanent corps, according to criteria for selection and allocation of resources would be part of the Program Operating Regulations; and (iv) the implementation of an information system for supporting specialized advisory services.
- 2.7 The objective of creating a permanent corps of advisors is to have specialized staff to support both the committees and the senators, all within the context of strengthening the IFEP.¹⁰ This corps is meant to be nonpartisan, with staff who are selected and managed according to the same objective criteria as any other professional career. In order to appropriately accommodate this staff, the IFEP's current facilities will be improved. As a complement to the advisory services that this permanent corps would provide, a fund would be created for contracting outside experts on specific issues closely linked to the legislative agenda. Fund resources will be awarded based on the technical criteria established in the Program Operating Regulations (POR), which guarantee, among other things, transparency and nonpartisan approach to the selection of contractors. Lastly, the implementation of an information system to support the specialized technical advisory services will include the development of a subject-matter classification system for bills (known

¹⁰ This corps will work in accordance with clearly established rules, using technical tools such as subject-matter databases that facilitate document consultation and the recording and storage of data, documents, and reference sources needed for considering and debating bills.

as the *Thesaurus*) and which would be integrated with the legislative tracking system.

2. Administrative and financial management (US\$2.5 million)

- 2.8 The objective of this component is to ensure that Senate administrative services provide necessary resources for parliamentary management and the legislative process in a timely and efficient manner.
- 2.9 The support strategy for the Administrative Secretariat consists of six subcomponents. The first four refer to the strengthening and reorganization of the Dirección General de Administración [General Administration Office] (DGA): (i) reorganization of management; (ii) redesign of critical administrative processes; (iii) development and dissemination of an administrative regulations compendium; and (iv) improvement of the Senate's internal audit capacity as an additional aid to improving administrative operations. The fifth subcomponent refers to a service with crosscutting impact on the program and consists of consolidating information technology services, including the reorganization of the Office of Information Technology. The final subcomponent—also with a crosscutting impact—aims to improve building management.
- 2.10 **Reorganization of the DGA.**¹¹ In order to eliminate the dispersal of midlevel operations units, which complicate administrative management, spread responsibilities too thin, and artificially inflate the Senate operating and logistics costs, the following will be financed: (i) the design of a new, more streamlined, and more effective organizational structure for the DGA; and (ii) the improvement of coordination with the Parliamentary Secretariat.
- 2.11 The concept of a new organizational structure includes: (i) an inventory of DGA processes and functions; (ii) the identification and mapping of priority processes (macroprocesses) and the analysis of relationships between them, using new information technology services; (iii) a proposal for streamlining and simplifying the organizational structure; and (iv) an action plan for the transition from the current structure to the new one; here there is coordination with the second subcomponent—the thorough redesign of critical administrative processes. Complementing this effort is a mechanism for strengthening coordination between the DGA and the Parliamentary Secretariat, focused on establishing a concrete channel for receiving legislators' requests, processing such requests in accordance with the relevant procedures and documentation, track them through the system so as to expedite a response, and inform users of progress being made.

¹¹ This reorganization does not include the Office of Human Resources, as that is included under a different component.

- 2.12 **Thorough redesign of critical administrative processes.** The redesign of critical administrative processes that will streamline and simplify the most relevant administrative procedures emphasizes budget management in its different phases: (i) procurement, contracting, and inventory management; and (ii) monitoring of administrative procedures, which are somewhat inefficient in terms of being redundant and protracted, unclear with respect to assigning responsibilities, and lacking in information integration. In both phases, management will be reorganized, new information support systems will be introduced for implementing new processes efficiently, persons involved will be trained, and procedures manuals and the regulatory framework will be formalized.
- 2.13 The processes to be enhanced are: (i) budget management and the integration of budgetary, accounting, and cash flow information, including the development of management indicators for monitoring; (ii) planning and execution of purchases and procurement, by streamlining procedures and limiting discretionary powers without stripping senators of their autonomy, yet organizing criteria and mechanisms of interaction between the two areas and developing tools for tracking historical usage patterns for the main items procured for both management and legislators; and (iii) monitoring administrative procedures.
- 2.14 **Development of an administrative regulations compendium.** The lack of unified administrative regulations currently hampering efficiency will be remedied by: (i) gathering, organizing, and clarifying current regulations; and (ii) developing and disseminating an administrative regulations compendium.
- 2.15 **Strengthening of the Senate Audit Office.**¹² Improving internal auditing practices is essential for ensuring effective execution of the program. Thus, actions have been included for detecting shortcomings in administrative procedures and the consolidation of information from the Senate, particularly in administration, and for recommending solutions to these problems. The subcomponent will enable: (i) the review and improvement of monitoring and evaluation procedures based on good practices identified in other senates; (ii) the training of staff on applying the proposed new practices; and (iii) the upgrading of computer hardware and software applications for recording and analyzing information.
- 2.16 **Consolidation of information technology services infrastructure.** Consolidating the information technology services means upgrading the data network hardware and software infrastructure, an essential input for improving Senate management and the Senate's opening up to the community, a primary objective of the transparency strategy. Specifically, the consolidation involves upgrading the network servers, strengthening the access security structure, upgrading structured

¹² The Senate Audit Office is an advisory agency within the Office of the President of the Senate. Although not part of either Secretariat, it is included under this component owing to the nature of its work.

cable infrastructure, support for replacing current PC workstations, and reorganizing the Office of Information Technology.

- 2.17 The Office will be reorganized similar to the manner described for other agencies: (i) taking inventory of the Office's processes and functions; (ii) identifying and mapping priority processes (macroprocesses) and analyzing the relationship between them, including what will happen to them as a result of program execution; (iii) developing a proposal to streamline and simplify the organizational structure; and (iv) preparing an action plan for making the transition from the current structure to the new one.
- 2.18 **Improvement of building management.** To remedy the waste of space, the lack of rules on how to assign or manage it, and the lack of planning and organization at the Dirección de Obras y Servicios Generales [General Works and Services Office] (DOSG), the following are planned: (i) a reorganization of the DOSG, to include a redefinition of its functions and structure, the implementation of guidelines and procedures for planning maintenance, procurement and construction works, handling of management information, management practices, training of personnel, and the implementation of monitoring systems; (ii) design of a master plan for streamlining the systems for allocating and managing of physical space; (iii) development of an integrated security plan for Senate buildings; (iv) reinforcement of the basic electrical power grid, including specific enhancements in the capacity and security of the most important buildings; and (v) development of a strategy for organizing and managing document files together with the Argentine National Archives, with emphasis on historically valuable documents.

3. Human resource training and management (US\$1.3 million)

- 2.19 The objective of this component is to provide the Senate with the tools to efficiently manage human resources, in the context of a process of implementing the administrative career service established by Law 24,600. The strategy for strengthening the Office of Human Resources is based on two complementary lines of action: (i) modernizing and strengthening the organizational structure; and (ii) establishing a permanent instruction and training system, based on a unified, step-by-step plan.
- 2.20 **Modernizing and strengthening the organizational structure of the Office of Human Resources.** The way the Office is currently organized and operates leaves some of its areas without clearly defined roles, complicates resource management, spreads responsibilities too thin, and increases operating and logistics costs. To correct this, the following activities are planned: (i) formulation of a human resources strategic plan and implementation of a management model; (ii) strengthening the administrative career path; and (iii) modernization of

management support systems for managing human resources efficiently, including the integration of payroll processes.

- 2.21 The strengthening of the administrative career path requires gradually correcting the three simultaneous yet unconnected hiring regimes, two of which cover, in similar proportions, more than 90% of the Senate staff, and prevent the effective assigning of human resources, are unstable, and are difficult to manage. Accordingly, the following activities are planned: (i) development of the means to determine the scope of the administrative career service in terms of positions and duties within the organizational structure, and introduce them into the execution phase of the program;¹³ (ii) drafting and implementation of rules, operations systems, and tools for implementing selection, performance evaluation, promotion, and removal systems within the framework of the law; and (iii) implementation of an information system to support the procedures relating to the administrative career service.
- 2.22 Lastly, a permanent, planned instruction and training system will be developed to ensure the sustainability of procedures to improve the Senate, which largely depend on having permanent and well-trained staff. In that connection, the following are planned: (i) design of an instruction and training model for the Argentine Senate that clearly defines the skills and abilities needed for the different areas of the organization; (ii) design and introduction of a system for determining training needs within the framework of the model; (iii) development and update of an instruction and training plan that responds to the needs of the institution; and (iv) gradual execution of the plan over the course of the program.

4. Public information and change management (US\$900,000)

- 2.23 The objective of this component is to improve communication between the Senate and the public, enhance the Senate's institutional image, and involve different people in the system through the effective management of the institutional change process.
- 2.24 **Public information.** In order to assist the Senate in strengthening its interaction with the media and the public in general, three strategies are being considered: (i) assessment and advisory assistance to improve the Senate's institutional image; (ii) consolidating and extending the coverage of *Senado TV*; and (iii) improving the Senate information services portal (website).
- 2.25 The assessment and formulation of a strategy to bolster the institutional image of the Senate will include the following activities: (i) an institutional assessment that

¹³ It is understood that these principles will respect, in any case, a certain degree of discretion on the part of the senators in terms of setting up their offices.

- includes identifying possible areas for future collaboration between the two chambers; (ii) designing and conducting public opinion polls, focused on opinion leaders; (iii) use of public opinion gathering tools such as quantitative studies and focus groups; and (iv) design of a positioning and information strategy and action plan to implement it.
- 2.26 To consolidate and broaden Senate TV coverage, there will be activities to improve the signal and coverage, equipment, and training, including expanding satellite service in 500 areas outside the capital; to design and implement an automation system for ongoing broadcasts; to digitalize the signal; to establish a fiber optic connection for broadcast; to improve the delivery of pre- and post-production services; and to upgrade the Senate's audiovisual equipment.
- 2.27 The improvement in the Senate information services portal (website) will involve the following activities: (i) consolidating the Senate's present website, improving content, making it more user friendly, and updating existing information services and adding new ones; (ii) consolidating the Senate intranet to support program activities; and (iii) furnishing technical assistance to Senators so that they can improve or add to their webpages on the Senate website.
- 2.28 **Change management.** With respect to support for institution-strengthening, the lessons learned point to the importance of actively incorporating all stakeholders in the process. To that end, the following is planned: (i) hiring of experts in change management who will participate in each phase of the project and who will assist the project coordinating unit in focusing the strategy; (ii) holding workshops and seminars on change that inform and involve users of the system; and (iii) actions that heighten awareness and promote the participation of external stakeholders such as related civil society organizations and universities.
- C. Cost and financing**
- 2.29 The estimated cost of the program is US\$8 million equivalent, with IDB financing of US\$4.8 million from the Bank's Ordinary Capital, and a local counterpart contribution of US\$3.2 million equivalent. The following table itemizes these costs.

| BUDGET (US\$): 2005-2009 | | | |
|---|------------------|------------------|------------------|
| Components | IDB | Local | Total |
| 1. Parliamentary management and lawmaking process | 1,031,700 | 562,500 | 1,594,200 |
| 1.1 Reorganization and strengthening of the Parliamentary Secretariat | 457,700 | 190,000 | 647,700 |
| 1.2 Strengthening of legislative technical advisory services | 574,000 | 372,500 | 946,500 |
| 2. Administrative and financial management of the Senate | 1,696,300 | 818,650 | 2,514,950 |
| 2.1 Reorganization of the General Administration Office (DGA) | 154,000 | 0 | 154,000 |
| 2.2 Redesign/implementation of critical administrative procedures | 783,900 | 90,650 | 874,550 |
| 2.3 Regulatory compendium | 90,000 | 0 | 90,000 |
| 2.4 Strengthening of the Senate Audit Office | 80,000 | 20,000 | 100,000 |
| 2.5 Consolidation of the Office of Information Technology | 206,000 | 438,000 | 644,000 |
| 2.6 Improvement in building management | 382,400 | 270,000 | 652,400 |
| 3. Management, development, and optimization of human resources | 701,100 | 558,000 | 1,259,100 |
| 3.1 Redesign of the organizational structure of the Office of Human Resources | 536,100 | 258,000 | 794,100 |
| 3.2 Permanent system for training and instruction | 165,000 | 300,000 | 465,000 |
| 4. Public information and change management | 550,000 | 360,000 | 910,000 |
| 4.1 Public information | 370,000 | 190,000 | 560,000 |
| 4.2 Change management | 180,000 | 170,000 | 350,000 |
| Total Components | 3,979,100 | 2,299,150 | 6,278,250 |
| 4. Executing unit | 150,000 | 175,000 | 325,000 |
| 4.1 Payroll, operating, and equipment expenses | 125,000 | 150,000 | 275,000 |
| 4.2 Consulting services for preparing terms of reference and other costs | 25,000 | 25,000 | 50,000 |
| 5. Other costs | 210,000 | 50,000 | 260,000 |
| 5.1 External audits | 210,000 | 0 | 210,000 |
| 5.2 Monitoring and evaluation | 0 | 50,000 | 50,000 |
| Subtotal | 4,339,100 | 2,524,150 | 6,863,250 |
| 6. Contingencies | 460,900 | 261,850 | 722,750 |
| 7. Finance charges | 0 | 414,000 | 414,000 |
| 7.1 Credit fee | 0 | 12,000 | 12,000 |
| 7.2 Inspection and supervision | 0 | 0 | 0 |
| 7.3 Interest | 0 | 402,000 | 402,000 |
| Total Budget | 4,800,000 | 3,200,000 | 8,000,000 |

- 2.30 The loan will have the following conditions: (i) Libor-based Single Currency Facility interest rate, which may be changed to a Single Currency Facility loan with an adjustable rate only if the borrower decides to make such a change as specified in the special contractual conditions and in Article 4.01(g) of the General Regulations; (ii) a credit fee of 0.25% on undisbursed amounts; (iii) an inspection and supervision fee of 0% of the loan amount; (iv) a 5-year disbursement period;

(v) a 4-year commitment; (vi) a 5-year grace period; and (vii) a 20-year amortization period.

III. PROGRAM EXECUTION

A. Borrower, guarantor, executing, and coexecuting agencies

- 3.1 The Argentine Republic, through its Ministry of Economy and Production, will be the borrower. The executing agency is the Presidencia del Honorable Senado de la Nación [Presidency of the Senate] (PHSN).

B. Structure for program execution

- 3.2 Program execution has been broken down into four levels, each of which has defined roles and responsibilities: (i) the strategic level, which will be the responsibility of the PHSN, which itself will have the support of the Senate's Administrative Reform Committee; (ii) the management level, corresponding to the Senate's Secretariats, the Parliamentary and Administrative Secretariats; (iii) the operations level, in the hands of the Secretariats' offices; and (iv) the coordination level, which will be assigned to the coordinating unit attached to the Presidency of the Senate. Below is a brief description of the composition and main responsibilities of each level:

- 3.3 **Strategic level: Presidency of the Senate.** The PHSN will be responsible for the strategic management of the program. Amongst its functions will be: (i) defining the strategic thrust of the program, in accordance with the provisions of the loan contract signed with the Bank; (ii) approving the Program Operating Regulations once they have been agreed with the the Bank; and (iii) keeping the Senate Reform Committee informed about program progress.

- 3.4 **Management level: the Senate Secretariats.** Each Secretariat will be responsible for the general management of each component in its areas of jurisdiction and for executing and meeting the objectives and goals of each component. Each Secretariat will, amongst other functions: (i) appoint and supervise project team leaders and project teams; (ii) draft the AWP's of the components and subcomponents for which it is responsible and submit them to the PCU, which will in turn prepare the consolidated AWP's, to be authorized by a joint resolution of the Secretariats once agreed with the Bank; and (iii) ensuring fulfillment of the terms and conditions established in the loan contract signed with the Bank.

- 3.5 **Operations level: project teams.** The execution of each component's scheduled activities will be the responsibility of the competent offices within each Secretariat. The procurement of goods and consulting services using program resources will be handled by the DGA in accordance with procedures agreed to with the Bank. Each Secretariat will designate one or more project teams for each component. Each project team will be headed by a project team leader who will keep the PCU and his respective Secretary informed about the execution and progress of activities under

his responsibility. The project teams will consist of staff from the corresponding Secretariat or Office and will be assisted by outside consultants when the specialization in question is not available in the Institution. Project leaders will be selected from a short-list through an internal competitive process. The corresponding Secretary will select the respective project team leaders and inform the PHSN through the PCU of the selection.

- 3.6 The project teams, under the supervision of their respective project leaders, will perform the following tasks in addition to those specified in the Program Operating Regulations: (i) prepare the follow up for their respective work plans and monitor their progress; (ii) prepare the terms of reference and technical specifications for the goods to be procured and consulting services to be engaged with program resources; (iii) request of the Administrative Secretariat, through the the PCU, procurement of the necessary goods and services for the activities in the AWP; and (iv) provide the PCU with all necessary information for monitoring, evaluation, and audits of the program.
- 3.7 The preliminary project teams for each component are:

| |
|--|
| ➤ Restructuring of the Parliamentary Secretariat |
| ➤ Specialized technical advisory services |
| ➤ Strengthening of the Administrative Secretariat, including the restructuring of administrative processes |
| ➤ Strengthening of the procurement process |
| ➤ Financial, budget, and accounting processes |
| ➤ Administrative regulations compendium |
| ➤ Information technology |
| ➤ Building management |
| ➤ Strengthening and management of the administrative career service |
| ➤ Training |
| ➤ Public information and change management |

- 3.8 **Coordination level: The project coordination unit (PCU).** The PCU will be responsible for the operational and administrative management of all program projects. The President of the Senate will appoint a coordinator to head the PCU; the person appointed must be a professional familiar with the Institution and with a minimum of three years' experience working with legislatures. In addition to the responsibilities established in the POR, the coordinator will amongst other activities: (i) represent the executing agency before the Bank on technical, administrative, and financial matters related to program execution; (ii) coordinate the procurement of goods and consulting services necessary for program execution and in accordance

with the approved AWP with the Administrative Secretariat; (iii) supervise the advance of the program, and of each component and subcomponent using the AWP as a reference; (iv) keep updated records of information for determining program monitoring indicators; (v) coordinate with the Administrative Secretariat in a timely manner to commission the independent external audit of the program; (vi) coordinate the program's technical activities; (vii) combine the component's AWP and submit a consolidated AWP to the Bank; (viii) submit the AWP agreed with the Bank to both Secretariats for approval; (ix) ensure compliance with the contractual conditions of the loan; and (x) serve as a liaison with civil society organizations.

- 3.9 The PCU's basic responsibilities in terms of the financial management of the program are: (i) maintaining separate and specific bank accounts for handling the resources provided by the Bank and the local counterpart, (ii) submitting timely disbursement requests with supporting documentation for eligible expenses; (iii) setting up and maintaining effective information systems for contract and financial management as well as internal audit systems for handling the proceeds of the financing and the local-counterpart funding, in accordance with Bank requirements; (iv) preparing and submitting semiannual progress reports on the program and the revolving fund, and any financial reports that may be required by the Bank; (v) presenting the audited annual financial statements of the program; and (vi) maintaining an effective filing system for the documentation supporting eligible expenses, so it can be verified by the Bank and external auditors. The closing financial statements for the program are to be submitted within 120 days after the last disbursement. The program will finance any institution-strengthening needed for the PCU to carry out its duties. The creation of the PCU will be stipulated in the POR.

C. Program Operating Regulations (POR) and work plans

- 3.10 The program will be governed by the loan contract and the POR, which are to be agreed on with the Bank and adopted by President of the Senate as a condition precedent to the first disbursement. The POR will specify the requirements and procedures to which overall program execution will be subject. It will mainly regulate the following areas: (i) the articulation and coordination amongst the various agencies involved in executing the program; (ii) the eligibility criteria for activities to be financed with program funds; (iii) the eligibility criteria and method for allocating the fund for parliamentary advisory services; (iv) the procedure for preparing and consolidating the work plans for each component; (v) the procedures to be followed in all aspects not provided for in the loan contract for selecting and hiring consulting services; (vi) the program's financial management procedures (accounting records, disbursements, financial statements); and (vii) the methodology of the system for monitoring the program. The detailed procedures for carrying out the activities under this program will be compiled in a Procedures Manual that will become part of the Operating Regulations.

- 3.11 **Work plans.** The activities to be carried out with program support will be organized into work plans. Before the beginning of each calendar year, the annual work plan for the fiscal year and a detailed breakdown of the plan for the first quarter will be prepared and approved, as set out in the previous paragraphs and in the POR. Before the start of each quarter, the semiannual work plan must be submitted for the Bank's approval. At a minimum, the work plans will include (i) a detailed description of quarterly activities, indicating the sources of financing and separated by component and subcomponent; (ii) the goals to be met and the expected outcomes and outputs, based on the goals contained in the program's logical framework; (iii) the annual procurement plan, which will be reviewed on a quarterly basis; (iv) a description of the activities to be financed with resources from the External Advisory Services Fund; and (v) a summary of the activities carried out in the previous period and the extent to which the corresponding goals set out were attained.

D. Procurement

- 3.12 **Goods and works.** The procurement of goods and services will be done in accordance with the rules and procedures established in the loan contract. When amounts are greater than US\$350,000, in the case of goods, or greater than US\$2 million in the case of works, procurement will be done by international competitive bidding, according to the requirements for such procedures. For procurement under the US\$350,000 threshold, as an alternative, formal requirements or details of procedures provided for in domestic law but not included in Bank procedures may be applied provided that their application is not contrary to the basic guarantees for procurement procedures or to Bank procurement policy. In any case, when the proceeds from the Bank loan are used, the procedures and documents used for the procurement of goods may not set terms that impede or restrict the use of goods or the participation of bidders from Bank member countries.
- 3.13 **Consulting services.** International competitive bidding will be used for the procurement of consulting services whose value is equal to or greater than US\$200,000 for consulting firms. Consulting services will be selected and hired in accordance with Bank procedures and policies, as set forth in document GN-2220-10 of February 2004, and the provisions of the loan contract.

E. Execution period and disbursements

- 3.14 The commitment period will be four years and the disbursement period five years from the effective date of the loan contract. Disbursements will be made according to the following timetable, which may be revised during program execution by agreement of the parties:

Table III-1: Disbursement Timetable (US\$ millions)

| Source | 2005 | 2006 | 2007 | 2008 | 2009 | TOTAL |
|----------|---------|-----------|-----------|-----------|---------|-----------|
| IDB/OC | 291,000 | 1,460,916 | 1,906,868 | 901,216 | 240,000 | 4,800,000 |
| Local | 477,750 | 804,500 | 941,650 | 816,100 | 160,000 | 3,200,000 |
| Total | 768,750 | 2,265,416 | 2,848,518 | 1,717,316 | 400,000 | 8,000,000 |
| % / Year | 10% | 28% | 36% | 21% | 5% | 100% |

- 3.15 **Revolving fund.** For the project execution, a revolving fund in the project's name will be established through a special bank account. Bearing in mind the number of simultaneous payments to be made and contracting that must be done according to the project's timetable for critical deadlines, a revolving fund that does not exceed 5% of the loan amount is suggested. The executing agency, through the PCU, will be responsible for submitting semiannual reports on the status of the revolving fund within 60 days after the close of each six-month period.
- 3.16 The loan contract will reflect the following: **(I) As a condition precedent to the first disbursement of Bank financing**, the borrower is to submit to the Bank for its nonobjection evidence that: (i) the PCU has been created with the minimum necessary staff for its operation; (ii) the President of the Senate has issued a decree approving the entry into force of the POR and the corresponding detailed procedures manual; (iii) the joint resolution adopted by the Administrative and Parliamentary Secretariats authorizing the AWP agreed with the Bank for year one has been submitted; and (iv) the executing agency has implemented, to the Bank's satisfaction, appropriate internal audit and financial accounting records systems as specified in clause 7.01 of the General Conditions. **(II) Special conditions for execution:** The following must be submitted to the Bank for its consideration: (i) in the fourth quarter of each calendar year, a draft of the AWP for the forthcoming year; and (ii) the updated AWP, if applicable, before the end of each quarter. Also, the executing agency will be required (i) to make the AWP's available to the public on the Senate website; (ii) to hold briefing sessions with the civil society organizations every six months to keep them abreast of the advance of the program; (iii) to prepare and disseminate a summary minute of the briefing sessions; and (iv) to post on the Senate's website basic information about the program that is accessible to the general public.
- 3.17 **Monitoring mechanism for civil society.** For purposes of enhancing opportunities for dialogue and information-sharing between the Senate and civil society, the PCU will invite organizations interested in monitoring program activities to participate in briefings that will be given through the Senate website so that they may keep abreast of program progress. These briefings will take place at least once every six months. During the briefings, reports will be given on compliance with the AWP's, which will be available on the Senate website. The minutes of each briefing session will be published on the Senate website. Civil society organizations that wish to do so may submit comments in writing on the progress of the project and prior to the

briefings so that the PCU may address them during the sessions. Such comments will also be published on the Senate website. The comments of civil society organizations will be taken into consideration if the executing agency or Bank determines that they will not alter program objectives and are consistent with the activities included in the design of each component. Such comments will not hamper the normal run of the program. All of the program's technical and financial information will be available on the Senate website.

- 3.18 **Auditing and control.** During program execution and within 120 days following the close of each fiscal year, the borrower must submit financial statements for the program that have been duly audited by an independent and private auditing firm acceptable to the Bank. The audit will be conducted in accordance with Bank terms of reference (AF-400) and requirements (AF-100 and AF-300). The cost of audits, excluding tax, will be covered by loan proceeds. The PCU and the Administrative Secretariat must develop and maintain accounting systems that are satisfactory to the IDB and have an effective, complete, and updated system for filing all support documentation for the financial accounting portion of the program.
- 3.19 **Recognition of expenses.** The executing agency has requested that the Bank recognize retroactively expenses in connection with program activities incurred, and to be incurred, prior to execution, in a total amount of up to US\$270,000 equivalent chargeable to Bank financing and US\$180,000 chargeable to the local counterpart contribution. The executing agency was informed that those expenses could be recognized retroactively against the program (Bank financing and/or local counterpart contribution) provided that they are eligible program expenses and have been incurred following procedures that are essentially analogous to Bank procedures for the procurement of works, goods, and services. The executing agency has informed the Bank that the expenses incurred to date have been related to: (i) retrofitting Senate committee offices; and (ii) the procurement of computer equipment. The expenses that would be incurred before program execution would be related to: (i) support for the creation of the program coordination unit; (ii) the preparation of detailed flowcharts and procedures manuals on the procurement of goods and services; and (iii) support for the preparation of bidding terms and conditions for the first year of program execution.

F. Monitoring and evaluation

- 3.20 **Supervision.** The Bank's Country Office in Argentina will be in charge of supervising the project based on the information provided by the executing agency and the project management tools approved by the Bank. The main program reporting and monitoring tools are the annual and semiannual work plans, the indicators in the logical framework, and the progress reports, all of which will be described in detail in the Operating Regulations.

- 3.21 For keeping financial accounting records and for monitoring project execution, the program will use the system developed for the Unidades Ejecutoras de Proyectos con financiamiento externo [executing units for externally financed projects] or a similar system, which must be accepted by the Bank before the project begins.
- 3.22 The PCU will submit semiannual reports to the Bank on the progress of the project within 60 days after the end of every six-month period, with the format and contents agreed on with the Bank. Each report will consider the indicators and the goals set in the logical framework for the activities scheduled for the corresponding six-month period. In the second half of each year, the PCU will submit to the Bank the AWP approved by the President and the heads of the Parliamentary and Administrative Secretariats of the Senate. These reports will enable the Bank to monitor project execution and will provide the information needed to update the project performance monitoring report (PPMR).
- 3.23 **Program indicators.** The program's logical framework matrix lists the set of indicators to be used in monitoring and assessing the progress made under each program component. The logical framework also includes indicators for the program's purpose and goal. Baseline data for each indicator should be updated in year one of the program and will continue to be updated whenever measurements are taken, which should be at least every six months.
- 3.24 **Evaluations.** The evaluation system for the four years of program execution will include ongoing monitoring, a midterm evaluation, and a final evaluation. If the Country Office feels that it is necessary, annual reviews will be done based on the reports previously mentioned. The **midterm review** will be conducted **two years** into program execution, or when 50% of the project funds have been disbursed, whichever comes first, or sooner if so agreed by the borrower and the Bank. The **final evaluation** will be done within the two months prior to the end of the disbursement period. Specialized consulting services may be hired with program resources to conduct this evaluation. The terms of reference for the two evaluations must be agreed between the executing agency and the Bank, taking into account program indicators. The final evaluation will serve as input in preparing the project completion report (PCR). The executing agency has informed the Bank that it will not perform an ex post evaluation of the program. Nonetheless, the executing agency will keep all program-related information so the Bank can perform such an evaluation should it so choose.

IV. FEASIBILITY AND RISKS

A. Political and institutional feasibility

- 4.1 The proposed program will build on, and continue to pursue, the current reform package being spearheaded by the Senate Reform Committee, for which the President of the Senate has expressed his commitment and support. The analysis mission confirmed that the political blocks in the Senate support and are highly committed to the program's reform activities as currently envisaged. One of the most significant problems with programs that support policy-setting bodies is that the President and the members tend to change very frequently.¹⁴ In the case of the Argentine Senate, senators have six-year terms and the President a four-year term. One third of senate seats are up for election every two years. This provides the project with a basis for continuity that bolsters its political and institutional feasibility. In a body where political feasibility is critical for any reform process, the commitment shown by the representatives from the different parties (mainly the Peronists and the Radicals) and the President's six-year term are thought to ensure the political feasibility of this program.
- 4.2 The program has been designed and worked out in detail by teams from the Senate's two Secretariats—Parliamentary and Administrative—with assistance from specialized consultants they selected. Both Secretariats have assigned the highest priority to the program. The process whereby inhouse project teams do the work with the support of specialized consultants will be formalized for the execution of the loan. All these factors will result in a considerable degree of ownership and organizational feasibility amongst those executing the program, and make the program highly participatory in terms of design and execution.
- 4.3 Given the need to carry out activities with the greatest possible transparency, the program's contents were presented and shared with the main Argentine NGOs that closely watch the activities of the legislative branch in general and the Senate in particular. Such external monitoring of the program is considered vital to its credibility and feasibility, so a mechanism has been designed for observation by, and dialogue with, interested NGOs to ensure that civil society and society as a whole are duly informed about the course of program activities. It is also important to note that it was decided to post information on all program activities on the Internet.
- 4.4 The legislative branch is independent from the other branches of government and holds broad powers to establish its own internal rules and regulations and to organize its workflow. Implementing the organizational and management changes

¹⁴ For example, the position of President of the Argentine Chamber of Deputies rotates annually.

stemming from program execution will only require internal regulations to be issued (principally Decrees by the President of the Senate). The implementation of reforms in the area of human resources is already provided for in Law 24,600 (Statute and Career Service for the Staff of the National Congress). No legislative amendments are envisaged.

- 4.5 During the project preparation phase, an institutional assessment was done using the Bank's Institutional Capacity Assessment System (ICAS). This assessment measured the institutional capacity of the Senate as a whole and not that of the executing unit given that it had not yet been created. The ICAS assessment encompassed an analysis of the following systems: (i) programming of activities and components; (ii) administrative organization; (iii) personnel management; (iv) the administration of goods and services; (v) financial management; (vi) internal audits; and (vii) external audits.
- 4.6 Specifically, the assessment done with the ICAS tool recommended: (i) supporting the administrative, financial, and human resources departments; (ii) improving the records and procurement systems and modernizing legislative procedures; (iii) establishing and structuring the program execution mechanism (PCU and Administrative Secretariat), giving it the capacity to make up for the Senate's lack of experience with multilateral lending agencies; (iv) establishing the roles and responsibilities of the PCU and each of the agencies involved, and more specifically, identifying the person in charge of each of these agencies and defining the mechanisms for them to interact; (v) preparing the corresponding organizational and procedures manuals; and (vi) developing a detailed monitoring system that includes flowcharts for each procurement process, as well as financial and accounting management reports for the program. It was also recommended that a consulting firm be hired to strengthen the system of internal audits and to perform a new analysis of the system of external audits once the PCU has been created and the external auditing firm selected.
- 4.7 The assessment suggested that in order to manage the project in accordance with Bank requirements, the executing agency would have to carry out a series of specific actions; these have been incorporated into the design of both the execution plan and the activities to support the Senate's Administrative Secretariat under component 2 of the program. Specifically, component two supports the administrative, accounting, and financial departments of the Senate through technical assistance and information systems and improves the records and procurement systems. The program execution plan specifically provides for the resources the PCU and the Senate's Administrative Secretariat need to adequately carry out the project. The execution plan may be found in the program's Operating Regulations. Lastly, and prior to execution, a consulting firm will be hired to prepare comprehensive organizational and procedures manuals and detailed flowcharts for the project.

B. Environmental and social impact

- 4.8 The activities to be financed are not expected to have any direct environmental or social impact. Nevertheless, the development of institutional capacity in support of legislative functions is expected to increase the level of technical analysis that goes into legislative initiatives that do involve environmental and social impacts. The Committee on Environment and Social Impact (CESI) reviewed and approved the project on 6 August 2004, recommending that it: (i) incorporate the participation of, and communication with, civil society; (ii) develop an adequate policy for the disposal of used computer equipment; and (iii) seek to assign staff with experience in environmental issues to the parliamentary committees in charge of environmental matters. With respect to point (i), the executing agency has agreed to include a mechanism for civil society to monitor the project. On point (ii), institutional support, particularly in the area of information technology, will ensure that there is an adequate policy for disposing of used equipment. With regard to point (iii), the program envisages a broad plan for training advisors to the 24 Senate committees, including those working for the Environment and Sustainable Development Committee. This operation does not qualify as a poverty-targeted or social equity enhancing investment as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

C. Benefits

- 4.9 The program has three major groups of beneficiaries. First, it will help to buttress the incipient Senate reform process, which should eventually give Argentina's democratic institutions greater credibility. Today, as the opinion polls on Argentina's political institutions show, that credibility is seriously lacking. Second, by supporting the legislature per se, the program will foster improvements to both the legislative process and the very quality of the law. Professionalizing the technical legislative support staff will make for more expertise on current legislation and will facilitate the debate, approval, and monitoring of the laws by strengthening the Senate's system of advisory services. Third, the introduction of modern administration and management systems should raise the level of efficiency and transparency in the use of Senate resources.
- 4.10 The three program components that seek to enhance the Senate's legislative, administrative, and communications capacity are interconnected and work together to accomplish the program's goal, which is to improve the image of this vital Argentine institution, and thus create better conditions for good governance. In the medium and long term, having a healthier democracy and better functioning democratic institutions, as well as legal predictability and certainty, will stimulate economic and business activity, especially domestic and foreign investment.

D. Risks

- 4.11 The execution of this program involves four main risks. The first is that the features of the new legislative and support processes (e.g. system of advisory services) may not be assimilated and used by the senators. Related to this is the second risk, namely that there will be no political support for the planned actions. To mitigate these two risks, the program has been formulated in direct consultation with the future users of the new systems, making it possible to adapt them to the expressed needs and dynamics of parliamentary processes.
- 4.12 The third risk concerns the potential for this program to be politicized, and for attempts to be made to use part of the funds for political and partisan ends. To mitigate this risk, the program will be executed according to annual work plans broken down by quarter, to be approved by the two Senate Secretariats, through a joint resolution, with the advice of the Senate Reform Committee, on which all the political parties are represented, thus ensuring that the AWP's will enjoy broad internal consensus. There will also be a mechanism for monitoring by civil society, to ensure that the reform actions supported by the program are properly disseminated. The fourth program risk has to do with possible resistance to change, mainly on the part of Senate officials and technical staff. To mitigate this risk, the program includes an extensive plan of dissemination and training for officials and technical staff.