

CHILE

**PROGRAM FOR INSTITUTIONAL MODERNIZATION OF THE STATE
DEFENSE COUNCIL**

(CH-L1060)

LOAN PROPOSAL

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ELECTRONIC LINKS	
REQUIRED	
1.	DEM questionnaire http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35580139
2.	Project execution plan (PEP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35558378
3.	Monitoring and evaluation arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35580173
4.	Fiduciary agreements and requirements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35558523
5.	Safeguard Screening Form http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35559050
OPTIONAL	
1.	Diagnostic assessment of the State Defense Council http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35558981
2.	Project execution plan (PEP) – Complete http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35558482
3.	Economic analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35558993
4.	Itemized budget http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35559026
5.	Risk management framework http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35559054
6.	Technical note http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35421818

ABBREVIATIONS

CDE	Consejo de Defensa [State Defense Council]
DIPRES	Dirección de Presupuestos [Budget Office]
PEP	Multiyear program execution plan

PROJECT SUMMARY

CHILE

PROGRAM FOR INSTITUTIONAL MODERNIZATION OF THE STATE DEFENSE COUNCIL (CH-L1060)

Financial Terms and Conditions				
Borrower: Republic of Chile Executing agency: Consejo de Defensa del Estado de Chile [State Defense Council of Chile] (CDE)			Amortization period:	6 years
			Grace period:	4.5 years
			Disbursement period:	4 years
Source	Amount (US\$)	%	Interest rate:	Libor-based
IDB (Ordinary Capital)	2,250,000	71.3	Inspection and supervision fee:	*
Local	906,100	28.7	Credit fee:	*
Total	3,156,100	100.0	Currency:	U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital with a local currency option under the Local Currency Facility.
Project at a Glance				
Project objective/description: The program's general objective is to achieve an increasingly effective legal defense of Chilean State interests. The specific objectives are to: (i) improve effectiveness in managing cases brought against the State; (ii) improve effectiveness in managing cases brought by the State; (iii) improve the quality of legal action by CDE attorneys; (iv) improve the performance of knowledge management processes at CDE; and (v) improve the performance of support processes at CDE.				
Components: Component I: Strategic and knowledge management. Component II: Improvement in substantive work processes. Component III: Development of support systems.				
Special contractual clauses: Conditions precedent to the first disbursement: appointing the program director and program manager (see paragraph 3.1).				
Exceptions to Bank policies: None				
Procurement: Goods and services will be procured in accordance with Bank policies (documents GN-2349-9 and GN-2350-9)				
Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
Project qualifies as: SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>				

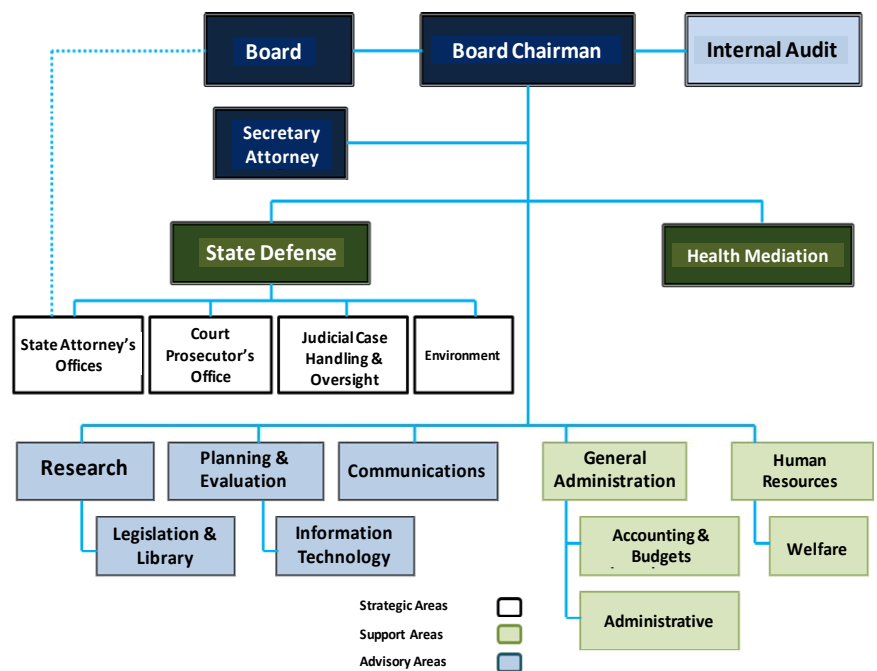
* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems addressed, and rationale¹

- 1.1 The State Defense Council (CDE) is a public agency with a legal mandate to defend, represent, and provide legal counsel to the Chilean State with respect to its proprietary and nonproprietary interests.² From an institutional standpoint, CDE is a decentralized public service with autonomous legal status and its own assets, enabling its independent management. CDE is directly linked to the Office of the President of Chile through the Ministry of Finance. In accordance with its governing law, CDE is comprised of a Board, a Chairman, a Department of State Defense, and a Department of Alcohol Law Defense. The basic decision-making model is deliberative. There are twelve board members, who are appointed by the President of Chile and remain in office until their 75th birthday, unless they voluntarily resign or are removed by the President of Chile for cause as specified in the administrative bylaws, subject to Senate approval. The Chairman of the Board is appointed by the President of Chile to a three-year, renewable term.

- 1.2 CDE's current organizational model is deployed along three broad levels directly related to institutional management: (i) strategic management; (ii) management of substantive processes; and (iii) management of administrative support processes. In terms of strategic management, the full CDE Board, as a deliberative body, is responsible for institutional decision-making and the development of defense strategies for the higher-profile cases. The Chairman is responsible for the management of administrative matters. Several support units assist in the general management of CDE, as follows: (i) internal audit; (ii) research; (iii) planning and evaluation; and (iv) communications. The second level refers to the substantive tasks involved in the management of cases. The two currently existing departments or units are specialized based on the types of matters they handle:



¹ [Optional link 1](#) shows an analysis of CDE and of the State legal defense function prepared by the project team as part of the identification mission.

² Executive Order ratified by Congress (DFL) 1, dated July 28, 1993, issued by the Ministry of Finance.

- a. State defense, the department responsible for defending the State in civil, administrative, and criminal proceedings. The country's 17 procuradurías fiscales [State attorney's offices], the Department of Judicial Processing and Control, the Procuraduría de Corte [Court Prosecutor's Office], and the Environmental Unit all report to this department. In addition, in 2010 the State defense department was assigned responsibility for the defense of the Alcohol Law and for investigating illicit drug trafficking, which had previously been entrusted to specific units. This adjustment simplified the internal structure.
 - b. Health mediation, which primarily consists in mediating complaints filed against public health services.
- 1.3 In each appellate court there is an Abogado Procurador Fiscal [State attorney], who is responsible for handling all cases filed within such court's jurisdictional territory. The State attorney is in charge of the office in the jurisdiction and oversees a team of professional lawyers. There are 17 State attorneys. The staff available for all legal work consists of 269 lawyers, of which 48 perform management duties, 166 are litigators, and 55 provide advisory services. These lawyers are also free to engage in their own private practice. The general administration and human resources units provide administrative support. In 2010, the agency had a budget of US\$29 million.
- 1.4 **Strategic outputs.** According to its legal mandate and institutional mission, CDE is responsible for the defense and legal representation of the State's proprietary and nonproprietary interests. Within this mandate there are three general strategic outputs that are part of CDE activities:
- a. Judicial defense, whether the State is claimant or respondent, in connection with proprietary and nonproprietary matters, including representing the interests of the State in cases of dishonesty and corruption against State property on the part of public servants and authorities. It is estimated that the CDE legal services handle 26,500 court cases annually. According to Dirección de Presupuestos [Budget Office] (DIPRES) data, the contingent liabilities potentially arising from these cases represent approximately US\$7.8 billion.³ The most common cases involve expropriations (46.7% of the total), while civil cases account for 65.6% of the total amounts involved.⁴
 - b. Advisory support and technical assistance to central administration agencies on legal matters in the form of legal opinions and reports prepared at the request of the parties. Management statistics show a production volume of approximately 15 reports per year.
 - c. Payment collection on behalf of the State for criminal cases in which CDE acts as plaintiff (primarily corruption cases).

³ DIPRES. 2010 Report on Contingent Liabilities. This figure is approximately 4% of gross domestic product. However, CDE has a very high percentage of payments avoided, about 97% on average.

⁴ Data as of June 30, 2010.

- 1.5 In addition to these outputs, CDE issues mediation rulings on health matters as a preliminary step prior to potential litigation in cases where users bring action against public health services. CDE was assigned this responsibility in 2004 under Law 19,966 on health guarantees, taking over a function that is somewhat extraneous to the strategic tasks of legally defending the State.

Problems to be addressed by the program⁵

- 1.6 Regarding the first strategic output, Table 1 shows an upward trend in adverse judgments in legal proceedings in which CDE is defending State interests in court. Taking all cases into account, the latest available data (December 2010) show a 37.49% average rate of adverse judgments. However, according to the available data for 2009, the rate of adverse judgments is considerably higher in cases brought by the State (39.6%) than in cases brought against the State (17.91%), revealing a significant difference in the effectiveness of the legal defense depending on whether the State is the claimant or the respondent.

Table 1: Adjudicated cases and judgments against the State

		Adverse judgments	
		Number	%
	Adjudicated cases		
2007	1,942	358	18.43
2008	2,478	588	23.73
2009	3,751	565	15.06
2010	3,137	1,176	37.49

As of December of each year. Source: CDE.

- 1.7 Regarding the second strategic output (advisory support and technical assistance), it is clear that a considerable delay in delivering reports and opinions beyond a reasonable deadline can adversely affect the requesting entity, since in the vast majority of cases these opinions are an important part of the decision-making process. In this respect, CDE issued a mere six reports over the January-June 2010 period, with a workload equivalent to 496 days, which translates into an average delivery time of 83 days per report. This turnaround time is excessive and undermines the effectiveness of CDE action in preventing unlawful damage.
- 1.8 With respect to the third strategic output (payment collections in cases where CDE acts as claimant in matters regarding the integrity of public officials and servants), Table 2 shows significant variability in amounts recovered as a percentage of amounts awarded by the courts: the recovery rate more than doubled between 2007 and 2008 (from 27.6% to more than 60%), and two and a half years later dropped considerably to 24% of total awards (October 2010). Once again, these data point to significant weaknesses in CDE's defense of the State's interests as claimant, particularly CDE's apparent difficulty in maintaining a stable or sustainable

⁵ The following section is based on the analysis of CDE and the State legal defense function prepared by the project team during the identification mission. The document is available at [optional link 1](#).

capacity to collect effectively in cases decided in the State's favor. This generates indirect impacts including a perception of low risk on the part of those engaging in criminal actions involving public funds.

Table 2: Payment recovery by CDE

	Awarded	Recovered	Recovered (%)
2007	1,822,752	502,610	27.6
2008	3,409,941	2,108,315	61.8
2009	1,032,616	702,362	68.0
2010 (*)	8,348,789	2,002,284	24.0

* October 2010. In 2010 US\$. Source: CDE

- 1.9 In short, the foregoing information points to a shortfall in effectiveness in legally defending the State, particularly in actions brought by the State. This is the core problem that the proposed program needs to address.
- 1.10 The analysis prepared during the work missions has identified four sets of factors that influence the problem outlined above:
 - a. Weaknesses in strategic and knowledge management by CDE, including:
 - (i) an absence of practices and tools promoting innovation, accumulation, and utilization of technical and legal knowledge (whether generated by CDE or externally);
 - (ii) weaknesses and rigidity in CDE's institutional framework, resulting in a failure to generate sufficient incentives for a better strategic approach to current challenges, management innovation, performance monitoring, and accountability for institutional management results; and
 - (iii) a lack of legal tools for effectively preventing potential conflicts of interest arising from an incompatibility between legal duties at CDE and private law practice.
 - b. Operating defects and limitations in the substantive processes for managing strategic CDE outputs (court defense, collections, and legal advisory services) with respect to cases in which the State acts as claimant or as respondent. The main problems identified in this regard are:
 - (i) insufficiently result- and client-oriented processes;
 - (ii) design defects in case management processes (e.g., redundant steps, inconsistent legal grounds, oversight that fails to add value to the process, failure to monitor deadlines), making it difficult to operate within narrow procedural timeframes;
 - (iii) absence of a clear, systematic description of work processes associated with collection and legal technical assistance activities;
 - (iv) inadequacy of the case monitoring system as a support

environment for the work of the attorneys;⁶ (v) lack of procedures for supervising the work of the attorneys; (vi) weak standardization of attorney work products; and (vii) lack of an interconnection between CDE systems and relevant information held by other entities (Judiciary, Office of the Comptroller General of Chile, Ministerio Público [Public Prosecutor's Office]). These shortcomings are causing problems, particularly in cases where the State is a claimant. Thus, in 2009, 39.6% of criminal cases resulted in unfavorable judgments for the State; legal proceedings were initiated only for 61% of admissible complaints filed; action for recovery was initiated only for 0.74% of enforceable favorable judgments; and recovery through collection was achieved for only 68% of amounts awarded.⁷ With respect to cases in which the State acts as respondent, these problems have meant that, in 2009, 15.08% of cases involving proprietary interests resulted in an adverse judgments for the State.

- c. Shortfalls in the legal and technical quality of action taken by CDE attorneys, including: (i) weakness in the legal arguments submitted in attorney briefs (67% of which required correction by CDE technical committees in 2009); and (ii) delay in commencing legal action (in 2009, an average of 47 days elapsed between a background analysis and commencement of action, while 83 days elapsed between a request for, and the delivery of, a legal opinion). Moreover, requests for provisional remedies were only granted in 0.81% of complaints filed by the State against dishonest public officials, likely affecting subsequent recovery.
- d. Weaknesses in the support of substantive processes, especially in the handling of human and budget resources. The main problems in this regard are: (i) fragmentation of personnel management processes and systems; (ii) partial obsolescence of the technical competency map for both the substantive and the support areas, and lack of a plan to close gaps specifically aimed at promoting the skills required to address the latest challenges facing CDE's legal work (such as increasing oral arguments in litigation, legal action associated with public works concessions, or disputes before international bodies); (iii) budget management that does not allow for proper allocation of funds to activities and outputs; and (iv) limited use of management indicators in the decision-making process, with a prevalence of performance metrics aimed at meeting the annual budget requirements.

⁶ The case monitoring system is based on record-keeping of internal procedural milestones or steps. As such, it is not a management system that creates an environment of support for the work performed by the attorneys (case law, precedents, etc.), and fails to move the proceedings forward. Consequently, its use is not widespread and the management information it provides is not entirely reliable. Moreover, there is no connection with other systems involved in the handling of judicial proceedings and in generating documentary information. The result is fragmented information that fails to provide sufficient support for building a case and is unsuitable for producing management statistics or for managerial decision-making.

⁷ Action for recovery is defined as the judicial means available to the State for obtaining reimbursement from public servants of amounts awarded to private individuals and paid by the State for damages.

- 1.11 With respect to the influences between the foregoing factors and the core problem, the analysis shows that the limitations of the substantive processes have a direct, adverse impact on the effectiveness of the State's legal defense. The weaknesses in strategic and knowledge management impact the legal quality of action by the attorneys, and lastly, the defects in support process management have an indirect influence by creating weak or inadequate incentives and conditions for proper development of the substantive work processes.

Rationale and intervention strategy

- 1.12 Unless the problem of insufficient effectiveness in the legal defense of the State is addressed in a timely manner, the following negative effects could occur in the medium term: (i) wasted opportunities to generate greater revenue for the State; and (ii) diminished ability to avoid State payments in actions brought against the State. This would contribute to an increase in the State's fiscal risk. Consequently, investing in the proposed program is justifiable.
- 1.13 Two alternatives were considered for designing an intervention strategy. The first consists in promoting improvements in the institutional framework for legal defense action (which would probably involve legal changes of various types) and then addressing the management problems. The second consists in developing proposals for improving the institutional framework while simultaneously taking management improvement action that is feasible in the current legal framework. The second alternative was selected, because CDE has little control over the adoption of legal changes in its institutional framework, which require Congressional approval.
- 1.14 The proposed intervention strategy aims at obtaining two results (see Annex II): (i) enhanced effectiveness in managing cases brought against the State; and (ii) enhanced effectiveness in managing cases brought by the State. In addition—and in line with the causal analysis described in paragraphs 1.10 and 1.11—three midterm outcomes would be obtained: (i) better legal quality of action by CDE attorneys; (ii) better performance of CDE's knowledge management processes; and (iii) better performance of CDE support processes.
- 1.15 To achieve these outcomes, the program will directly attack the problems causing the insufficient effectiveness of legal defense work with three lines of action: (i) strategic and knowledge management; (ii) improving CDE's substantive work processes; and (iii) developing CDE support systems. Table 3 outlines the proposed lines of action and the problems to be addressed (see paragraph 1.10), as well as the twelve outputs to be generated by the program and the program's outcomes that are most closely associated with each line of action (see paragraph 1.14).

Table 3: Program Lines of Action

Lines of action (components)	Problems addressed	Expected outputs	Associated outcomes (objectives)
1. Strategic and knowledge management	<ul style="list-style-type: none"> Weaknesses in CDE (institutional) strategic and knowledge management Shortcomings in technical and legal quality of action by CDE attorneys 	<ul style="list-style-type: none"> Comparative analysis of institutional models for State legal defense completed Organizational impacts of improved processes identified Business intelligence tools installed CDE communications strategy formulated 	<ul style="list-style-type: none"> Better quality of legal action by CDE attorneys Better performance of knowledge management processes
2. Improvement in substantive work processes	<ul style="list-style-type: none"> Operating defects and limitations of substantive processes for managing CDE strategic outputs (judicial defense, collection, and legal advisory services) Shortcomings in the technical and legal quality of action by CDE attorneys 	<ul style="list-style-type: none"> Reengineering of case management processes implemented Reengineering of collection processes implemented Reengineering of legal assistance processes implemented Integrated case system implemented 	<ul style="list-style-type: none"> More effective management of cases brought against the State More effective management of cases brought by the State Better quality of legal action by CDE attorneys
3. Development of support systems	<ul style="list-style-type: none"> Weaknesses in the management of substantive support processes, especially in the handling of human and budget resources. 	<ul style="list-style-type: none"> Adapting of budget management to cost centers Reengineering of personnel management processes implemented Reengineering of management information implemented Analysis of technical competencies at CDE completed 	<ul style="list-style-type: none"> Better performance of support processes

- 1.16 The proposed outcomes are in line with the priority assigned to improving the quality of public management in Chile, both in the current country strategy (GN-2431, paragraph 3.42) and in the country strategy being prepared for the 2011-2014 period. Regarding the latter, the proposed program contributes to the objective of reforming and technologically modernizing public oversight agencies, with the understanding that a significant portion of CDE's actions in managing cases brought by the State is focused on cases of dishonesty and corruption against State property on the part of public servants and authorities. Thus, the program's efforts

to strengthen the State's role in bringing legal action further the objectives of improving oversight agencies and activities in the Chilean public sector.

B. Objectives, components, and costs

- 1.17 The program's general objective is to achieve an increasingly effective legal defense of Chilean State interests. The specific objectives (in line with the expected outcomes (see paragraph 1.14)) are to: (i) improve effectiveness in managing cases brought against the State; (ii) improve effectiveness in managing cases brought by the State; (iii) improve the quality of legal action by CDE attorneys; (iv) improve the performance of knowledge management processes at CDE; and (v) improve the performance of support processes at CDE.
- 1.18 The proposed program is divided into three components: (i) strategic and knowledge management; (ii) improvement of substantive work processes; and (iii) development of support systems. Table 3 shows how these components relate to the proposed objectives.
- 1.19 **Component I. Strategic and knowledge management.** This component will generate activities and outputs aimed at improving CDE's strategic management, developing suitable institutional incentives for improving work quality. These activities also aim to create the conditions for effective knowledge management, allowing CDE to accumulate knowledge and apply it to substantive activities. The activities to be performed include: (i) comparative analysis of institutional models of State legal defense; (ii) identifying the foreseeable organizational impacts of the program's improvement of CDE's substantive work processes (for purposes of anticipating organizational adaptations); (iii) preparing an internal and external communications plan for CDE; and (iv) introducing business intelligence tools (specifically, text mining and data mining tools) into CDE's work processes, which should enhance the legal knowledge resources available to CDE attorneys. The expected outputs of these activities are listed in Table 3.
- 1.20 **Component II. Improvement of substantive work processes.** This component's activities are directly aimed at enhancing the effectiveness of the management processes of CDE's strategic outputs. The activities to be performed include: (i) reengineering case management processes and implementing new processes; (ii) reengineering collection management processes and implementing new processes; (iii) reengineering legal assistance management processes and implementing new processes; and (iv) designing, developing, and implementing an integrated case system. The expected outputs of these activities are listed in Table 3. The three aforementioned reengineering activities are aimed at improving the results of the relevant processes through better work organization as well as through a more fluid and regular use of the appropriate legal knowledge. Therefore, they should have an impact both on the management of substantive processes at CDE and on the legal quality of its attorneys' actions.
- 1.21 **Component III. Development of support systems.** This component will generate activities and outputs designed to make CDE's substantive support processes more

effective, particularly in the areas of personnel management, budget management, and information for decision-making purposes. Activities to be performed include: (i) adapting CDE budget management to a cost center method; (ii) reengineering personnel management processes and implementing new processes; (iii) reengineering information management processes and installing management information tools; and (iv) updating the competency map for positions associated with substantive tasks and information technology, including the design of a plan to correct identified competency gaps. The expected outputs of these activities are listed in Table 3.

C. Key Results Matrix indicators

- 1.22 The Results Matrix (see Annex II) shows impact indicators, outcomes, midterm outcomes, and program outputs and is consistent with Table 3 above. Baseline values and targets (midterm and final) have been identified in all cases, as have the information sources and means of verification. The program's expected impact consists in improving the fiscal impact of State legal defense activities. The impact indicators are directly associated with the adverse effects of the problem (see paragraph 1.12) to be addressed. Therefore, when program execution is completed, it is expected that: (i) amounts recovered in cases brought by the State will have risen from 68.02% (2009) to 80%; and (ii) payments avoided by the State in cases brought against the State will have risen from 85% (2009) to 95% of total amounts claimed. The Results Matrix shows the indicators associated with the outcomes, midterm outcomes, and program outputs.
- 1.23 The cost-benefit analysis for the program yields an estimated return of 46.8% under a worst-case scenario, while applying a 6% discount rate per Chilean Ministry of Planning criteria (the analysis in question is available at [optional link 3](#)). Using a 12% discount rate, the resulting rate of return is 41%. This shows that the improvements considered in the project will have a high economic impact, consistent with the design of the program's activities, which aim to make legal management more effective in terms of defending the State's proprietary interests, that is, in terms of collecting amounts judicially awarded to the State and avoiding payment in cases brought against the State.

II. FINANCIAL STRUCTURE AND MAIN RISKS

A. Costs and financing

- 2.1 This operation will be financed through an investment loan. The total cost is US\$3,156,100, of which the Bank will finance US\$2,250,000 (71.3%) with Ordinary Capital funds. The remaining balance of US\$906,100 (28.7%) will be funded through a local contribution. Table II-1 breaks down the program's costs by component and by output (the itemized budget is available at [optional link 4](#)).

Table II-1: PROGRAM BUDGET (US\$)

Expense categories	IDB	LOCAL	TOTAL	%
Component I. Strategic and knowledge management	530,700	108,000	638,700	20.2
1P1. Org. impacts of process improvements identified	96,000	108,000	204,000	
1P2. Analysis models of State legal management completed	145,200	0	145,200	
1P3. Business intelligence tools installed	271,500	0	271,500	
1P4. Communications strategy formulated	18,000	0	18,000	
Component II. Improvement of substantive work processes	1,230,300	179,000	1,409,300	44.8
2P1. Reengineering case management implemented	119,600	108,000	227,600	
2P2. Reengineering collection actions implemented	83,000	0	83,000	
2P3. Reengineering legal assistance implemented	83,000	0	83,000	
2P4. Integrated case system implemented	944,700	71,000	1,015,700	
Component III. Development of support systems	213,000	0	213,000	6.7
3P1. Adaptation of budget management to cost centers	17,000	0	17,000	
3P2. Reengineering personnel management	95,000	0	95,000	
3P3. Reengineering management information	59,000	0	59,000	
3P4. Technical competency gaps identified	42,000	0	42,000	
Program management	216,000	306,000	522,000	16.5
Audits	0	120,000	120,000	3.8
Evaluations (midterm and final)	50,000	0	50,000	1.6
Financial expenses (interest and financial charges)	0	143,100	143,100	4.5
Inspection and supervision	0	0	0	0
Contingencies	10,000	50,000	60,000	1.9
TOTAL	2,250,000	906,100	3,156,100	100
%	71.3	28.7	100	

B. Risks of the Operation

- 2.2 As part of the operation's design, a program risk management exercise based on the Bank's methodology was conducted with CDE authorities and officials. The following risks were identified: (i) appointment in 2011 of a CDE chairman with little interest in the agency's institutional improvement process; (ii) loss of relevance of CDE institutional improvement to the government's agenda; (iii) politicization of the debate on institutional improvements to be introduced at CDE; (iv) internal resistance to institutional change; (v) CDE inexperience in the use of the Bank's program execution procedures; and (vi) difficulties in technical line personnel setting aside enough time for the program. The main activities mitigating the above risks include: (i) Bank participation in CDE's efforts to report to the executive branch and the political forces on the scope and progress of the institutional improvement process; (ii) the design and implementation of an execution mechanism that is effective in promoting change while providing for the coordination of CDE line personnel, with a view to internalizing the changes and

minimizing resistance; and (iii) support from the Bank's fiduciary area in the form of training activities for CDE personnel in charge of program execution. [Optional link 5](#) contains details on the abovementioned analysis and the respective mitigation plan. The program is considered a low-risk operation.

C. Environmental and social risks

- 2.3 The Environmental and Social Impact Review Secretariat classified the program as a category C operation, since it focuses on supporting institutional strengthening and systems development (consulting services, training, and equipment) and therefore no social or environmental risks are anticipated.

III. IMPLEMENTATION AND MANAGEMENT PLAN

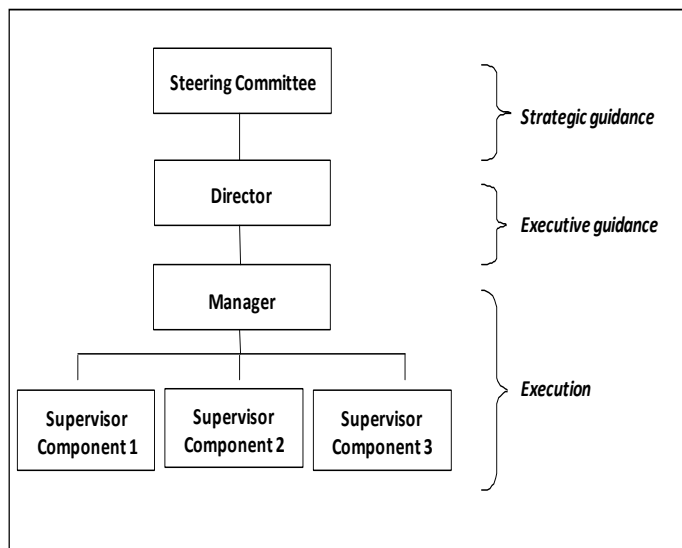
A. Summary of agreed upon execution arrangements

- 3.1 **Conditions precedent to the first disbursement: appointing the program director and program manager (see paragraphs 3.4 and 3.5).**

- 3.2 The borrower will be the Republic of Chile and the executing agency will be CDE.

- 3.3 The multiyear program execution plan (PEP) was initially developed for execution of the entire operation, with an execution period of 42 months (see [optional link 2](#)). The PEP includes all activities required for generating the program's outputs, specifying timeframes, critical links between activities, costs, and annual disbursement projections. It also includes the program's evaluation and administrative management activities.

- 3.4 The execution arrangements are designed to address three basic considerations: (i) the need for sufficient technical expertise to effectively drive a process of institutional change; (ii) the need to minimize friction with the members and the institutional culture of CDE in order to avoid, to the extent possible, any resistance to change; and (iii) the need to ensure quick strategic and administrative decision-making in connection with the program. The first two considerations suggest the option of a mixed mechanism, combining contributions by outside experts with the direct involvement of CDE's technical and professional staff. The third consideration brings to mind the option of an



execution mechanism directly involving the Chairman of CDE, who—through the organization's normal channels—would in turn report to the full Board. The following paragraphs describe the execution arrangements on the basis of these considerations.

- 3.5 From a strategic standpoint, the program will be directed by a steering committee composed of the CDE Chairman (who will also chair the committee) and two consulting attorneys selected by the Chairman. The steering committee will guide and supervise the program's overall development and the achievement of its objectives. For such purposes, it will: (i) make decisions on the program's overall development; (ii) approve the annual PEP and program budget updates; and (iii) approve the program's status reports before they are sent to the Bank. One of the two attorneys serving on the steering committee will be appointed as program director by the CDE Chairman. He or she will report directly to the Board of Directors and his or her responsibilities will include: (i) coordinating and supervising the execution of program activities according to the guidelines provided by the Board of Directors; (ii) representing the program and maintaining a relationship with the Bank to ensure proper program execution; (iii) advising the technical counterparties regarding program activities, periodically meeting with them to provide guidance and ensure proper execution of activities; (iv) submitting status reports to the steering committee; (v) proposing to the steering committee any changes to the PEP and the program budget that he/she deems necessary; and (vi) approving the procurement plan to reflect any changes to the PEP and the program budget before its submission to the Bank for final approval.
- 3.6 The program will have a manager appointed by, and reporting directly to, the program director. The manager will be a professional with experience in public-sector institutional strengthening programs, and will be contracted with resources from the IDB contribution. His or her contracting will require the Bank's no objection. The manager's main duties will include: (i) providing technical assistance to the program director; (ii) advising the technical counterparties on program activities, offering guidance and ensuring proper technical content and execution timeframes for the activities; (iii) scheduling and executing any procurement needed to carry out the activities included in the program's components, ensuring such procurement is executed in accordance with Bank procurement policies; (iv) updating the PEP, the itemized budget, and the procurement plan, and keeping them current; (v) preparing program status reports and performing periodic monitoring of fulfillment of program component outputs and timeframes; and (vi) supervising compliance with the terms of reference, technical quality, and the results of work by consultants contracted with program funds.
- 3.7 With a view to properly performing the activities included in the program components, the CDE Chairman and the program director will appoint three CDE officials as technical supervisors for the three components. Each component supervisor will oversee the technical activities included in his or her component,

coordinating the work of the consultants contracted for the program with the work of the CDE line staff, ensuring the quality and timely delivery of the outputs. To facilitate the execution of program components I and II, two technical assistants will be contracted using local contribution funds and will report directly to the relevant component supervisors and to the program director.

- 3.8 The program's financial and administrative management will be performed by the CDE General Administration area with the support of an administrative expert contracted using local contribution funds.
- 3.9 **Fiduciary agreements and requirements.** The main fiduciary measures applicable to the operation have been agreed upon. They are described in detail in the link on Fiduciary agreements and requirements (see [required link 3](#)) and deal primarily with the following: (i) exchange rate to be used; (ii) audits; (iii) procurement process methods and limits (pursuant to the Bank's policies and procedures, as set forth in documents GN-2349-9 and GN-2350-9); (iv) procurement plan for the first 18 months of execution; and (v) financial supervision plan.

B. Summary of program monitoring and evaluation agreements

- 3.10 **Monitoring.** To monitor the program, the executing agency will use the Results Matrix, the PEP (including the disbursement plan), the itemized budget, and the risk management framework.
- 3.11 For purposes of supervising program execution, semiannual monitoring meetings will be held with the participation of at least the CDE Chairman, the program director, the program manager, the three officials designated as technical component supervisors, and the Bank. The issues to be discussed in these meetings include: (i) progress made on the activities identified in the PEP and corrective measures in the event such progress is unsatisfactory; (ii) the degree to which the outcome and output indicators set forth in the Results Matrix are being met; (iii) developments regarding the risks described in the program's risk management framework, and the identification of any new risks during program execution; (iv) developments regarding the program's financial execution; and (v) review of the recommendations of the audit. The PEP and the procurement plan will be updated semiannually as a result of these meetings, and semiannual status reports will be prepared for Bank review.
- 3.12 The indicators included in the program's Results Matrix will be monitored using the information generated by the databases and management systems currently used by CDE. These databases and systems were used to prepare the indicators in the Results Matrix; therefore, it is both feasible and convenient to continue to use them for monitoring. In this regard, beginning in the year of the baseline, CDE agrees to keep these databases and systems in operation, as well as to continue to generate information on the indicators included in the program's Results Matrix.

- 3.13 The Bank will hold administrative missions or conduct inspections based on the temporary milestones and critical path established in the PEP. The Bank will also use the progress monitoring report.
- 3.14 **Evaluation.** The executing agency will conduct midterm and final evaluations of the program. The evaluations will be performed when 60% and 90% of the disbursements have been made, respectively. The objective of the evaluations will be to establish the degree of progress and fulfillment of the indicators, outcomes, and targets, as well as to make recommendations, propose corrective actions, and determine best practices and lessons learned. The following aspects are to be examined: (i) achievement of the timeframes and milestones established in the PEP, in accordance with the schedule of activities determined for the various components; and (ii) progress in meeting the impact, outcome, and output indicators established in the Results Matrix. The midterm evaluation will include recommendations regarding the program operation and the achievement of its objectives. Both evaluations will be done by contracting specialized consulting services, financed using resources from the IDB contribution. The terms of reference for both consulting projects will require the Bank's no objection.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program			
Regional Development Goals	The operation contributes to the regional goal of Institutions for growth and social welfare, basically to the ratio of actual to potential tax revenue		
Bank Output Contribution (as defined in Results Framework of IDB-9)			
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2431	The country strategy is in force for the period 2006-2010	
Country Program Results Matrix	IDBDOCS35768549-v1-CPD_ch2011.PDF	The program is included in the 2011 Country Program Document	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Highly Evaluable	Weight	Maximum Score
	7.4		10
3. Evidence-based Assessment & Solution	8.4	25%	10
4. Ex ante Economic Analysis	8.5	25%	10
5. Monitoring and Evaluation	5.1	25%	10
6. Risks & Mitigation Monitoring Matrix	7.5	25%	10
Overall risks rate = magnitude of risks*likelihood		Medium	
Environmental & social risk classification		Not required	
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)	Yes	The program uses the financial management, with the exception of the internal audit. In the case of procurement, it is expected to use some national public bidding sub-system	
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project			
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.			

The "Consejo de Defensa del Estado (CDE)" Public Defense Council is the Chilean public entity that represents the public sector in the courts. The Ministry of Finance estimates that total public sector contingent liabilities are approximately US\$7.8 billion. A marginal improvement in the public sector's defense capacity has a very high yield potential. Nevertheless, and although the proposed results are aligned with the current Country Strategy priority on public sector governance, the strategy does not include the CDE or public defense as a priority sector.

The proposed program has clear objectives and includes goals and indicators in the monitoring plan. This plan includes a "reflexive evaluation" and a Cost Benefit on two of its components. The Annex "Monitoring and Evaluation Arrangements", proposes that the evaluation objective is to ascertain the attainment of the proposed indicators and goals and to establish corrective measures if warranted. The Final evaluation will be reflexive and will focus on the attainment of the proposed indicators in the Results Matrix, and the economic impact of the program. The ESR classified the program in Category "C", as it focuses on institutional strengthening and systems development (consultancies, training and equipment), and no social and environmental risks are predicted.

El proposed program does not include technical assistance support activities. Component 3 includes products aimed at improving budgetary and financial management and information at CDE. (See Table 3 and Paragraph 1.20).

RESULTS MATRIX

Project Objective: To achieve an increasingly effective legal defense of Chilean State interests.

EXPECTED IMPACT

Indicators	Unit of measure	Baseline		Midterm measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED IMPACT: Improved fiscal impact of State legal defense actions in Chile.													
1. Amounts recovered (with respect to amounts awarded) in actions brought by the State	Percentage each measured year	68.02	2009				2012	72.00	2013	80.00	2014	Case management system/ Report on amounts recovered in actions brought by the State	100 * (Amounts recovered/ amounts awarded in actions brought by the State
2. Payments avoided over total amounts claimed in actions brought against the State	Percentage each measured year	85.00	August 2010		2011		2012		2013	95.00	2014	Case management system/ Report on payments avoided in cases brought against the State	100 * (Payments avoided/ total amounts claimed in actions brought against the State Payment avoided = amount claimed – amount awarded

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline		Midterm measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED OUTCOME 1: Greater effectiveness in case management processes for actions in which the State acts as respondent.													
1.1. Cases adversely decided for the State	Annual percentage	17.91	2009		2011		2012		2013	15.00	2014	Case management system/ Report on adverse decisions in cases with State as respondent	100 * (number of cases adversely decided/ total cases with State as respondent)
1.2. Cases involving proprietary interests unfavorably adjudicated over total adjudicated cases involving proprietary interests	Annual percentage	15.08	2009		2011		2012	14.00	2013	13.00	2014	Case management system/ Report on cases involving proprietary interests with State as respondent	100 * (number of cases involving proprietary interests unfavorably adjudicated / total adjudicated cases involving proprietary interests)
EXPECTED OUTCOME 2: Greater effectiveness in case management processes for actions in which the State acts as claimant.													
2.1. Criminal cases adversely decided for the State	Annual percentage	39.60	2009		2011	37.00	2012	34.00	2013	30.00	2014	Case management system/ Report on adverse decisions in criminal cases brought by the State	100 * (number of cases unfavorably decided/total criminal cases)
2.2. Proceedings initiated with respect to admissible complaints filed	Annual percentage	61.20	2009		2011	70.00	2012	80.00	2013	90.00	2014	Case management system + data from State attorney’s offices / Report on proceedings initiated with State as claimant	100 * (number of proceedings initiated/admissible complaints filed)
2.3. Actions for recovery over total number of (enforceable) favorable judgments	Annual percentage	0.74	2009		2011		2012	40.00	2013	50.00	2014	State defense / Report on actions for recovery with State as claimant	100 * (number of actions for recovery/total number of (enforceable) favorable judgments)

MIDTERM OUTCOMES

Indicators	Unit of measure	Baseline		Midterm measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
MIDTERM OUTCOME 1: Better quality of legal actions by CDE attorneys.													
1.1. Rate of repetition of internal correction of drafts (briefs)	Annual percentage	67.04	2009		2011		2012	50.00	2013	35.00	2014	State defense / Report on management of briefs	100 * (number of of briefs corrected by CDE committees/ total briefs sent to the committees)
1.2. Average days between background analysis and commencement of action	Days in a year	47	2009		2011	40	2012	35	2013	30	2014	Case management system/ Report on days elapsed between analysis and commencement of action	∑ (Background analysis start date– Date of commencement of action)/n n = number of background analyses
1.3. Cases with a request for provisional remedies over total cases initiated	Annual percentage	0.81	2009		2011	40.00	2012		2013	50.00	2014	Case management system/ Report on cases with requests for provisional remedies	100 * (number of cases with request for provisional remedies/total cases initiated)
1.4. Average days between receipt of request and delivery of report	Days in a year	83	June 2010		2011	75	2012		2013	60	2014	Case management system/ List of delivery of reports	∑ (Date request received – Report delivery date)/n n = number of reports
MIDTERM OUTCOME 2: Better performance of CDE knowledge management processes.													
2.1. Use of business intelligence tools by attorneys in their work	Annual percentage	0	2010		2011	30	2012	60	2013	80	2014	CDE Planning Department report	100 * (number of users of the tools/ potential users)

Indicators	Unit of measure	Baseline		Midterm measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
MIDTERM OUTCOME 3: Better performance of CDE support processes.													
3.1 CDE budget resources allocated to implemented cost centers	Annual per-centage	0	2010		2011	50	2012	80	2013	100	2014	CDE Planning Department report	100 * (budget resources allocated to cost centers/ total CDE budget resources)
3.2 Senior manage-ment using new information management procedures	Annual per-centage	0	2009		2011	30	2012	60	2013	80	2014	Survey of CDE senior manage-ment	100 * (number of senior staff using the new informa-tion management procedures /total senior staff)
3.3 Positions for which the profile is based on competency criteria	Annual per-centage	0	2009		2011	30	2012	60	2013	80	2014	CDE Planning Department report	100 * (number of positions with profiles based on competencies/ total positions)

OUTPUTS

Output a) Milestones	Unit of measure	Baseline	2011	2012	2013	2014	Target
<u>Component 1: Strategic and knowledge management</u>							
1.1. Organizational impacts of improved processes identified	Study	0			1		1 reorganization study approved
1.2. Comparative analysis of institutional models for state legal defense completed	Study	0	1				1 study approved
1.3. Business intelligence tools (text mining and data mining resources) installed	Tool	0			1		1 tool installed
1.4. Communications strategy formulated	Plan	0	1				1 plan approved
<u>Component 2: Improvement in substantive work processes</u>							
2.1. Reengineering of case management processes implemented	Reengineering	0		1			1 reengineering process approved and implemented
▪ Proposed new work model approved			1				
▪ Implementation plan approved				1			
2.2. Reengineering of collection processes implemented	Reengineering	0		1			1 reengineering process approved and implemented
▪ Proposed new work model approved			1				
▪ Implementation plan approved				1			
2.3. Reengineering of legal assistance processes implemented	Reengineering	0			1		1 reengineering process approved and implemented
▪ Proposed new process model approved			1				
▪ Implementation plan approved				1			
2.4. Integrated case system approved	System	0			1		1 system approved and implemented
▪ Design of adjustments approved				1			
▪ Functional analysis approved				1			
<u>Component 3: Development of support systems</u>							
3.1. Adaptation of budget management to cost centers implemented	Cost centers	0		1			At least 3 cost centers implemented
▪ Activity and cost center proposal approved				1			
▪ Implementation plan approved				1			
3.2. Reengineering of personnel management processes implemented	Reengineering	0		1			1 reengineering process approved and implemented
▪ Proposed new management model approved			1				
▪ Execution plan for personnel management				1			

Output a) Milestones	Unit of measure	Baseline	2011	2012	2013	2014	Target
processes approved							
3.3. Reengineering of management information processes implemented	Reengineering	0			1		1 reengineering process approved and implemented
▪ Proposed new management information processes approved				1			
▪ Implementation plan for the new processes approved					1		
3.4. Analysis of technical competencies at CDE completed	Study	0		1			1 competencies study and gap correction plan approved
▪ Competencies in positions and organizational structure identified			1				
▪ Gap correction plan approved				1			

PROCUREMENT PLAN

Ref. No. ⁱ	Category and description of procurement contract	Estimated cost of procurement	Procurement method ⁱⁱ	Review (ex ante or ex post)	Financing source and percentage		Prequalification ⁱⁱⁱ (Yes/No)	Estimated dates		Status ^{iv} (Pending, in process, awarded, cancelled)	Comments
					IDB	LOCAL		Publication specific procurement announcement	Contract ending		
1. Goods		579,000									
1P3	Procurement of text mining and data mining tool and required technological resources	228,000	NCB		100			03/09/2012	20/02/2013	Pending	
2P4	Procurement of case management system licenses	250,000	NCB		100			10/06/2013	09/12/2013	Pending	
2P4	Procurement of equipment for implementation of the case management system	71,000	NCB			100		01/08/2011	02/01/2012	Pending	
3P2	Personnel management software	30,000	S		100			16/05/2012	08/08/2012	Pending	
2. Nonconsulting services		158,700									
1P1	Change management (logistics workshops)	5,000	S		100			28/02/2013	23/05/2013	Pending	
1P2	Workshops (logistics)	15,000	S		100			02/05/2011	29/07/2011	Pending	
1P2	Travel tickets and lodging for prospective trips	33,000	S		100			31/10/2011	20/01/2012	Pending	
1P2	International seminar (logistics)	38,200	S		100			14/12/2011	14/12/2011	Pending	
1P2	Change management (logistics workshops)	5,000	S		100			31/10/2011	20/01/2012	Pending	
1P3	Training and change (logistics)	5,000	S		100			03/09/2012	05/02/2013	Pending	
2P1	Change management (logistics workshops)	5,000	S		100			30/08/2012	21/11/2012	Pending	
2P2	Change management (logistics workshops)	5,000	S		100			12/04/2012	05/07/2012	Pending	
2P3	Change management (logistics workshops)	5,000	S		100			04/06/2012	27/08/2012	Pending	
2P4	Training and change in the case management system: travel tickets and per diems	22,500	S		100			28/04/2014	01/09/2014	Pending	
2P4	Training and change: logistics workshops	5,000	S		100			28/04/2014	01/09/2014	Pending	

Ref. No. ⁱ	Category and description of procurement contract	Estimated cost of procurement	Procurement method ⁱⁱ	Review (ex ante or ex post)	Financing source and percentage		Prequalification ⁱⁱⁱ (Yes/No)	Estimated dates		Status ^{iv} (Pending, in process, awarded, cancelled)	Comments
					IDB	LOCAL		Publication specific procurement announcement	Contract ending		
3P1	Change management (logistics workshops)	5,000	S		100			28/05/2012	17/08/2012	Pending	
3P2	Change management (logistics workshops)	5,000	S		100			16/05/2012	08/08/2012	Pending	
3P3	Change management (logistics workshops)	5,000	S		100			06/05/2013	26/07/2013	Pending	
3. Consulting services		1,573,300									
1P1	Individual consultant: Organizational adaptations in redesigned processes	21,000	CQS		100			02/07/2012	03/01/2013	Pending	
1P1	Individual consultant: Analysis of current staff and their adaptation to the new management model	70,000	CQS		100			02/07/2012	28/02/2013	Pending	
1P1	Individual consultant: Technical assistant for component 1	108,000	CQS			100		02/05/2011	23/06/2014	Pending	
1P2	Individual consultant: Comparative study	18,000	CQS		100			02/05/2011	15/08/2011	Pending	
1P2	Individual consultant: Study of the CDE model, its adaptation to best practices and potential legislative modifications	36,000	CQS		100			02/05/2011	10/10/2011	Pending	
1P3	Individual consultant: Plan for gradual implementation of business intelligence tool	38,500	CQS		100			20/02/2013	18/12/2013	Pending	
1P4	Individual consultant: Development of an (internal and external) communications plan	18,000	CQS		100			02/05/2011	19/09/2011	Pending	
2P1	Individual consultants: Development reengineering of case management	114,600	CQS		100			16/08/2011	30/08/2012	Pending	
2P1	Individual consultant: Technical assistant for component 2	108,000	CQS			100		02/05/2011	23/06/2014	Pending	
2P2	Individual consultants: Development reengineering of collection management	78,000	CQS		100			16/08/2011	10/05/2012	Pending	

Ref. No. ⁱ	Category and description of procurement contract	Estimated cost of procurement	Procurement method ⁱⁱ	Review (ex ante or ex post)	Financing source and percentage		Prequalification ⁱⁱⁱ (Yes/No)	Estimated dates		Status ^{iv} (Pending, in process, awarded, cancelled)	Comments
					IDB	LOCAL		Publication specific procurement announcement	Contract ending		
2P3	Individual consultants: Development reengineering of advisory process	78,000	CQS		100			16/08/2011	04/06/2012	Pending	
2P4	International consulting firm: Case management system	607,200	ICB		100			01/12/2011	01/12/2014	Pending	
2P4	Individual consultant: Training and change in the case management system	60,000	CQS		100			28/04/2014	01/09/2014	Pending	
3P1	Individual consultant: Adapting budget management to cost centers	12,000	CQS		100			02/01/2012	25/06/2012	Pending	
3P2	Individual consultant: Reengineering of personnel management processes implemented	60,000	CQS		100			01/08/2011	16/05/2012	Pending	
3P3	Individual consultant: Reengineering of management information processes implemented (BSC)	54,000	CQS		100			02/07/2012	29/07/2013	Pending	
3P4	Individual consultant: Technical competency gaps identified	42,000	CQS		100			17/05/2012	31/01/2013	Pending	
Midterm evaluation	Individual consultant: Midterm evaluation	25,000	CQS		100			14/02/2013	15/04/2013	Pending	
Final evaluation	Consultant: Final evaluation	25,000	CQS		100			20/06/2014	19/08/2014	Pending	
Total		2,311,000									

CQS: Selection based on the consultants' qualifications

S: Shopping

NCB: National competitive bidding

ICB: International competitive bidding

ⁱ In the event of similar individual contracts to be executed in different locations or at different times, they may be grouped under a single item with an explanation in the Comments column indicating the average individual value and the period during which they are to be executed. For example, in the case of an education project that includes the construction of schools, there would be a "School construction" item, a total estimated value of US\$20 million, and the following explanation under the Comments column: "This is a batch of approximately 200 school-construction contracts with an average value of US\$100,000 each, to be individually awarded by the participating municipalities over a period of 3 years, between January 2006 and December 2008."

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- ii **Goods and works**: **ICB**: International competitive bidding; **LIB**: Limited international bidding; **NCB**: National competitive bidding; **S**: Shopping; **DC**: Direct contracting; **FA**: Force account; **PSA**: Procurement through specialized agencies; **PA**: Procurement agents; **IA**: Inspection agents; **PLFI**: Procurement in loans to financial intermediaries; **BOO/BOT/BOOT**: Build, own, operate/build, operate, transfer/build, own, operate, transfer; **PBP**: Performance-based procurement; **PLGB**: Procurement under loans guaranteed by the Bank; **PCP**: Community participation procurement. **Consulting firms**: **QCBS**: Quality- and cost-based selection; **QBS**: Quality-based selection; **FBS**: Selection under a fixed budget; **LCS**: Least-cost selection; **CQS**: Selection based on the consultants' qualifications; **SSS**: Single-source selection. **Individual consultants**: **NICQ**: Selection based on comparison of national individual consultant qualifications; **IICQ**: Selection based on comparison of international individual consultant qualifications.
- iii Applicable in the case of new policies only for goods and works. In the case of old policies, it is applicable to goods, works, and consulting services.
- iv The “Status” column will be used for retroactive procurement and procurement plan updates.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-51/11

Chile. Loan 2538/OC-CH to the Republic of Chile
Program for Institutional Modernization
of the State Defense Council

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 Republic of Chile, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program for Institutional Modernization of the State Defense Council. Such financing will be for an amount of up to US\$2,250,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

Adopted on 29 June 2011