



1. Project Data :
OEDID: L3411
Project ID: P006669
Project Name: Public Sector Management 2
Country: Chile
Sector: Other Non-sector Specific
L/C Number: L3411
Partners involved : None
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2. Project Objectives, Financing, Costs and Components :

Objectives: Increase the efficiency and effectiveness of key public management agencies; remediate the Government's inadequate economic analysis and coordination capabilities; and improve policymaking in the legislature. All of these objectives were relevant and consistent with the CAS. **Components:** an upgrade of the taxpayer and beneficiary management information systems in four agencies -- the Internal Revenue Service, the Treasury, the Customs, and the Social Security -- through replacement of aged computer systems, the installation of local networks, staff retraining, organizational changes, and redesigned databases; (b) resources for studies under the direction of Presidential Secretariat Interministerial Committees on an array of public policy issues, including international trade, tax reform, modernization of state procurement and currency issue, pricing, subsidy, and public tariff provisions, and strengthening of consumer protection; and (c) the provision of modern data and communication systems for the Library of Congress (LOC) and the legislature. **Costs and financing :** The total project costs were US\$22.6 million (US\$24.0 million at appraisal), of which the Bank financed US\$15.3 million (US\$17.2 million at appraisal). The project was approved in FY92, and closed on schedule in FY98, after cancellation of US\$1.91 million of the original commitment.

3. Achievement of Relevant Objectives :

The project achieved all of its aims, and exceeded them in certain respects. (a) The information systems introduced materially upgraded those previously available to the four targeted public finance institutions. (b) The studies inspired basic and constructive changes in the governing legislation, structures, priorities, and practices of the target agencies, leading to major improvements in their productivity and service delivery. (c) The delivery of timely economic information and analysis improved the quality of macroeconomic policy analyses. (d) Modern data and communications systems were introduced into the legislature. And, (e) substantial investments in LOC collections and reference systems helped re-establish the Library's value as a national information resource. In parallel, the LOC also initiated organizational changes and "outreach" services to the public.

4. Significant Achievements :

Customs reduced its average response time from 90 to 5 minutes, and reoriented its strategy, based on a project-financed study. Processing of import declarations was cut from several hours to 75 minutes, and electronic documentation produced sizeable savings. The Social Security System cut data processing errors by 75%, while increasing debt recoveries and reducing fraudulent benefit payments. The Internal Revenue Service (IRS) and the Treasury decentralized operations and reformed technology, significantly reducing the work of updating tax information while improving its quality, increasing tax collections after a long period of decline prior to project implementation, and improving the public's access to tax information services. The Ministries of Finance and Economy effectively developed policy analysis units and managed project -financed studies which made key contributions to negotiations on several commercial and trade agreements and the formulation of tax reforms. And the Library of Congress and the legislature are now far better equipped with computerized data systems, access to the internet, a modern telecommunications network, and an efficient reference service.

5. Significant Shortcomings :

The project paid limited attention to many underlying institutional issues in the beneficiary agencies, restricting the

scope of the project objectives to substantially less than what was needed . For example, the project changes in the Customs Service and the Congress were delayed until there were changes in the overall leadership and project coordinator positions in those institutions . The project design also impeded the startup of some project investments, requiring the redesign of some components .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Highly Satisfactory	Although the project's objectives were relatively modest, as was the scale of the investments in relation to the needs of the agencies involved, nonetheless, important improvements in information systems and in policy formulation and management capacity were achieved at a modest cost .
Institutional Dev .:	Partial	Substantial	Lack of a broad-gauged institutional capacity-building approach and a design which led to delays in project investments are criticized in the ICR. However, it is also noted that important capacity improvements and the beginnings of cultural change were achieved in several key policymaking agencies and in the LOC, which are above-average achievements for a free-standing technical assistance loan . Therefore, the ID rating is upgraded.
Sustainability :	Likely	Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Exemplary	

7. Lessons of Broad Applicability :

The dedicated, competent action of the Borrower, supported by an excellent Bank team, brought about excellent results on a wide range of institutional development objectives .

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

This is an outstanding ICR, with an unusual richness of detail on the nature of the objectives and the degree to which they were achieved . Coverage of topics is thorough, and a plan of future operation and aide memoire are provided .