

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

CHILE

**PROGRAM TO STRENGTHEN THE STRATEGIC MANAGEMENT
OF PUBLIC SECURITY IN CHILE**

(CH-L1142)

LOAN PROPOSAL

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12	Program vertical logic matrix
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ABBREVIATIONS

ANSP	Acuerdo Nacional por la Seguridad Pública [National Agreement for Public Security]
CAIGG	Consejo de Auditoría Interna General de Gobierno [Government General Internal Audit Board]
CCTV	Closed-circuit television
CEAD	Centro de Estudios y Análisis del Delito [Center for Crime Research and Analysis]
CENACRIM	Centro Nacional de Análisis Criminal [National Center for Criminal Analysis]
CGR	Contraloría General de la República [Office of the Comptroller General of the Republic]
CSIRT	Computer security incident response team
DAF	División de Administración y Finanzas [Financial Administration Division]
DAI	Dirección de Auditoría Interna [Internal Audit Division]
DESTAPOL	Departamento de Estadísticas Policiales [Police Statistics Department]
DIPRES	Dirección de Presupuestos [Budget Division]
ENUSC	Encuesta Nacional Urbana de Seguridad Ciudadana [National Urban Citizen Security Survey]
ICAS	Institutional Capacity Assessment System [methodology]
ICB	International competitive bidding
IRR 360	Investigación Integral de Robos “IIR-360” [Comprehensive robbery investigation strategy]
IT	Information technology
LIBOR	London Interbank Offered Rate
MICC	Plan Cuadrante/Modelo de Integración Carabineros-Comunidad [Quadrant Plan/Carabineros-Community Integration Model]
MISP	Ministry of the Interior and Public Security
OAS	Organization of American States
PCU	Program coordination unit
PDI	Policía de Investigación de Chile [Chilean Investigative Police]
PEDPs	Planes Estratégicos de Desarrollo Policial [Strategic Police Development Plans]
PSC	Program strategic committee
RCE	Red de Conectividad del Estado [Government connectivity network]
SIGFE	Government financial management information system
SSI	Subsecretaría del Interior [Office of the Deputy Minister of the Interior]
SSPD	Subsecretaría de Prevención del Delito [Office of the Deputy Minister for Crime Prevention]
TGR	Tesorería General de la República [National Office of the Treasury]

PROGRAM SUMMARY

CHILE PROGRAM TO STRENGTHEN THE STRATEGIC MANAGEMENT OF PUBLIC SECURITY IN CHILE (CH-L1142)

Financial Terms and Conditions					
Borrower:			Flexible Financing Facility ^(a)		
Republic of Chile			Amortization period:	15 years	
Executing agency:			Disbursement period:	5 years	
Ministry of the Interior and Public Security (MISP), through the Office of the Deputy Minister of the Interior (SSI)			Grace period:	12 years ^(b)	
			Interest rate:	LIBOR-based	
Source	Amount (US\$)	%	Credit fee:	^(c)	
IDB (Ordinary Capital)	48 million	50	Inspection and supervision fee:	^(c)	
Local	48 million	50	Weighted average life:	13.08 years	
Total	96 million	100	Approval currency:	U.S. dollar	
Program at a Glance					
Program objective/description: The program’s general objective is to help reduce violent robberies and improve Chile’s capacity to manage cyber incidents and cybercrimes. Its specific objectives are to: (i) improve police capacity to prevent and investigate violent robberies in the Santiago metropolitan region; (ii) reduce antisocial and criminal behavior among young people (ages 10 through 17) in prioritized municipalities of the Santiago metropolitan region; and (iii) improve the capacity of the Ministry of the Interior and Public Security to manage cyber incidents.					
Special contractual conditions precedent to the first disbursement of the financing: The executing agency will submit evidence satisfactory to the Bank that: (i) the program strategic committee has been established and all its members appointed; (ii) the program coordination unit has been established and its coordinator and at least one of its fiduciary specialists appointed; and (iii) the program Operations Manual has been approved under the terms previously agreed upon with the Bank (paragraph 3.6).					
Exceptions to Bank policies: None					
Strategic Alignment					
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input type="checkbox"/>	CC	<input type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes in the amortization schedule as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and the 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 relevant policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems, and rationale

- 1.1 **Insecurity is the main concern of the Chilean population.** In 2017, 48% of Chileans identified insecurity as the country's most pressing problem, surpassing issues such as health (37%), and education (34%).¹ That same year, 80.8% of Chileans felt that crime had increased, around 40% were afraid of falling victim to crime in the coming twelve months, and nearly 68% felt unsafe walking through their neighborhood at night.²
- 1.2 **The perception of insecurity has coincided with an increase in crime and victimization³ in Chile.** In 2017, victimization stood at 28%, its highest level in recent years, representing an increase of 5.2 percentage points over 2013. Although Chile's homicide rate is low,⁴ the rate of other crimes, such as violent robberies, has increased.⁵ Although crimes of social significance [Delitos de Mayor Connotación Social – DCMS]⁶ decreased by 8%, violent robberies rose by 36.4% (2012-2018), to a rate of 403.8 per 100,000 population nationally.⁷
- 1.3 **Geographic concentration of violent robberies.** The Santiago metropolitan region, which is home to 40% of the country's population, accounted for 60% of robberies involving violence in 2018: a rate of 685.1 per 100,000 population or 50% higher than the national rate and still growing (up 41% between 2012 and 2017).⁸ Within the Santiago metropolitan region, ten municipalities⁹ account for 50% of violent robberies. Levels of victimization among households in the region stand at 31.9%¹⁰ with over 10% of households being repeat victims.
- 1.4 **Emergence of new forms of criminality, such as cybercrime.**¹¹ Chile is among the countries of the region with the highest number of cyberattacks.¹² Cybercrime increased by 624.8% nationally¹³ between 2007 and 2017, rising by 74% just in the 2016-2017 period.¹⁴ Within cybercrime, the largest number of cases involve computer hacking (71%).

¹ National Public Opinion Survey, Centro de Estudios Públicos, 2017.

² National Urban Citizen Security Survey (ENUSC), 2017.

³ Victimization is the process whereby a person suffers the consequences of a crime or traumatic event.

⁴ In 2017, the homicide rate in Chile stood at 3.3 per 100,000 population—much lower than other countries of the region, such as Venezuela (89), Brazil (29.7), Colombia (24), and Mexico (19.5).

⁵ In Chile, robbery is defined as a crime in which a person takes possession of something from another by means of violence, intimidation, or force. Robbery involving violence and/or intimidation is characterized by the use of force against a person.

⁶ In all, 65% of crimes with a major social impact are crimes against property, whereas 35% are violent crimes.

⁷ Figures from Chile's Center for Crime Research and Analysis (CEAD), 2017. This is still below the South-American average: 426,28 per 100,000 population (Citizen Security in LAC: Facts and Figures, Muggah, 2018).

⁸ Plan Chile Seguro y en Paz (draft document), 2018.

⁹ La Florida, La Granja, Lo Espejo, Quinta Normal, Independencia, La Cisterna, Pudahuel, Recoleta, Renca, and Peñalolén (Plan Chile Seguro [Safe Chile Plan]) 2018.

¹⁰ ENUSC, 2017.

¹¹ Under Law 19,223 (1993), which defines the types of computer-related crime (see [table of regulations associated with the sector, 2018/2019](#)).

¹² Along with Brazil, Argentina, Colombia, and Mexico (Prandini and Maggiore, 2013).

¹³ Plan Chile Seguro y en Paz (draft document), 2018.

¹⁴ Presidential message 164-366 presenting the Cybercrimes Law.

- 1.5 **This situation has adversely impacted public trust and credibility in the country's security institutions.** Although Chile's police institutions, the Carabineros¹⁵ and the Investigative Police (PDI),¹⁶ have historically enjoyed strong public approval, a series of irregularities¹⁷ that are currently under investigation have undermined that credibility. In 2017, satisfaction with the Carabineros dropped to its lowest level in the last eight years (37%).¹⁸ This lack of trust could explain the drop in the overall crime reporting rate, which fell from 44% in 2010 to 38.5% in 2017.¹⁹
- 1.6 Against this backdrop, security is central to the Government Plan 2018-2022, which includes the development of a comprehensive crime-prevention system to modernize the sector's institutional framework. Its measures provide for the creation of a National Public Security Plan 2018-2022, including modernizing the police force²⁰ and convening a National Agreement for Public Security (ANSP). Meanwhile, the [National Cybersecurity Policy](#) sets forth a digital security strategy to enable an open, secure, and resilient cyberspace.
- 1.7 The main problem this plan will address is the rising level of violent robberies²¹ and cyber incidents.²² Causal factors include: (i) limited police capacity to prevent and investigate crime—particularly violent robberies—in metropolitan Santiago; (ii) the large number of young people involved in violent incidents in vulnerable municipalities of metropolitan Santiago; and (iii) limited institutional capacity to respond to cyber incidents, as reflected in the low rate of incidents reported to the computer security incident response team (CSIRT).²³
- 1.8 The Carabineros and Investigative Police have limited capacity to prevent and investigate violent robberies in the Santiago metropolitan region,²⁴ due in part to:

¹⁵ The preventive police force, with 58,865 officers and auxiliaries, reporting directly to the Ministry of the Interior and Public Security (Fundación Paz Ciudadana, 2018).

¹⁶ The investigative police force, supporting the criminal prosecutions system with 12,655 staff (Fundación Paz Ciudadana, 2018).

¹⁷ The “Fraude” and “Operación Huracán” cases.

¹⁸ Índice de Paz Ciudadana [Citizen Peace Index] – GfK Adimark, 2017.

¹⁹ ENUSC, 2017.

²⁰ See [table of regulations associated with the sector, 2018/2019](#).

²¹ The national robbery rate rose by 30% between 2012 and 2018, whereas the corresponding rate in metropolitan Santiago rose by 50% over the same period (CEAD). The rate of robberies with an identified suspect has remained between 13% and 16% over the last six years.

²² Unauthorized access to computer systems and attacks on system integrity and computer data (Law 19,223 of 1993).

²³ CSIRT is a response center for IT security incidents. It comprises a group of experts responsible for developing preventive measures and reacting to security incidents affecting IT systems.

²⁴ Of the 323,739 robberies investigated in 2017, only 8.9% resulted in a suspect being identified (National Strategy to Prevent Robberies, Investigative Police, 2018).

- a. Poor execution of police strategies and institutional programs,²⁵ due to inadequate institutional management and oversight tools,²⁶ which also hinders the efficient and transparent management of administrative and financial resources.²⁷
- b. Poor training and specialization of police officers in the prevention and investigation of crime,²⁸ mainly due to human resources management limitations vis-à-vis citizens' demands for services,²⁹ and outdated career systems³⁰ of poor quality in terms of the specialized skills³¹ police officers need.
- c. Limited operational effectiveness³² of police forces to prevent and respond to priority crimes, in particular robbery victimization (see paragraph 1.3)³³ and local security needs,³⁴ reflected in the limited engagement of police officers in community-level preventive tasks. Additionally, the limited interoperability of internal and external police systems, and inadequate technical skills for crime analysis (including cybercrime) diminish their ability to provide a timely response.³⁵
- d. Insufficient tools to strategically manage, monitor, and evaluate priority goals within the MISPP, especially with regard to the content of the National Agreement for Public Security (47% relates to police modernization measures).

1.9 Large number of young people involved in violent incidents in vulnerable municipalities in metropolitan Santiago. The Santiago metropolitan region accounts for

²⁵ An evaluation of the 2016-2019 Strategic Plan for the Carabineros revealed that: (i) 25% of programs deviated from their original objective; (ii) 54% underwent changes to their timeline and content; (iii) 12% met their deadlines; and (iv) 62% of specific outputs were considered incomplete (Centro de Estudios Policiales y Seguridad Pública, 2019). Moreover, an analysis of the Investigative Police found just 10% of its strategies to be effectively executed (Informe Diagnóstico de la Gestión Estratégica de la PDI, Pontifical Catholic University of Chile, 2016).

²⁶ Although the Investigative Police have an internal audit office, its processes need updating: the internal audit risk matrix does not cover all institutional processes, 80% of which deal with the procurement of goods, with just 20% reflecting other processes within the organization.

²⁷ The government financial management information system (SIGFE) is inadequate to meet police needs. It is not configured to generate complete and specific reports, and information cross-checking is insufficient to incorporate all views into a single report (Diagnóstico de Estado y Funcionamiento de Gestión Financiera – Dirección de Finanzas de Carabineros y la PDI de Chile, 2018).

²⁸ The police forces need to review and update their human capital to increase their professionalization. For example, there is a lack of incentives to join or recognition of candidates' education or past experience.

²⁹ The share of officers engaged in support services is 20% for the Carabineros and 27% for the Investigative Police (Informe Diagnóstico Paz Ciudadana, 2018). A study of seven developed countries found that just 15% of police personnel should be assigned to these roles (What Do the Police Do? Bayley, D. 2005).

³⁰ For the Carabineros, promotions generally reward seniority (Fundación Paz Ciudadana, 2018).

³¹ The career structure of the Carabineros: (i) does not include job profiles, leading to ambiguity; (ii) is not geared towards job performance; (iii) is prone to influence from bias and subjectivity; and (iv) shows a bias towards detecting misdemeanors. ([Hacia un Plan Cuadrante 2.0 de Carabineros](#), 2018).

³² A total of 20% of information registration requests fail, systems fail daily, restoration of service is slow, its use is complicated (only 20% of users can interpret the information produced), discouraging its use (only 35% of staff use the systems to plan operations) – Op Cit., Carabineros de Chile, 2018.

³³ The victimization rate for violent robberies in the Santiago metropolitan region (50%) is higher than the national average and rising, having increased by 41% between 2012 and 2017.

³⁴ The Carabineros have inadequate protocols for community engagement: although they have community policing strategies (Plan Cuadrante); only 33% of staff activity is devoted to prevention and community engagement (Fundación Paz Ciudadana, 2018).

³⁵ There are 10 emergency telephone numbers (five for the Carabineros). There is no communication between them and they produce reports without cross-checking their information.

approximately 40% of young offenders, persons charged,³⁶ and victims. Young people are subject to a variety of risk factors that make them liable to initiate and continue criminal behaviors.³⁷ For example, despite the country's high graduation rates, 88% of young people complete secondary education and the long-term truancy rate remains at 14.4% in metropolitan Santiago.³⁸ Additionally, 34% of students between the seventh and eleventh grades have experienced at least one incident of mistreatment at the hands of their caregivers.³⁹ In metropolitan Santiago's most vulnerable municipalities, an estimated 543.2 young people per 100,000 population⁴⁰ are taken into police custody for committing misdemeanors or crimes. Factors associated with this problem include:

- a. Limited programmatic and geographic coverage of social prevention services for young people ages 10 through 17. The Lazos program is a comprehensive intervention,⁴¹ with three evidence-based social prevention strategies (Triple P parenting program,⁴² Familias Unidas⁴³ and multisystemic therapy (MST))⁴⁴, which aims to break the cycle of juvenile crime,⁴⁵ addressing individual and family risk factors.⁴⁶ Nevertheless, the three aforementioned interventions have not been implemented simultaneously. For example, MST was implemented in 33 municipalities, Familias Unidas in nine, and Triple P in one. Additionally, the geographic scope of the program is limited, making it difficult to address the most vulnerable areas and population groups. The Lazos program is only present in 12 of the country's 16 regions and in 36 of Chile's 346 municipalities. It operates in 26 of metropolitan Santiago's 52 municipalities.⁴⁷
- b. Limited local coordination capacity to implement comprehensive security strategies in areas with high levels of social vulnerability to crime in the metropolitan Santiago. Despite the progress made on security policies,⁴⁸ local authorities lack trained staff and efficient planning and coordination tools. In all, 48.3% of municipalities lack municipal security plans and 30% state that very few areas of the municipalities collaborate on preventive work; they also lack human capital specializing in security issues and only 56% of staff are engaged in patrolling and security checking tasks.

³⁶ The age of criminal responsibility is 14.

³⁷ There are various risk factors in childhood and adolescence increasing the likelihood of future criminal activity that manifest themselves in differences between individuals, families, peer groups, relationships at school, and in the community (Loeber and Farrington, 2001).

³⁸ Calculations based on "Índice Lazos" data, Office of the Deputy Minister for Crime Prevention (SSPD) (2018).

³⁹ Primera Encuesta Nacional de Polivictimización en Niños, Niñas y Adolescentes (2018).

⁴⁰ Calculations based on "Índice Lazos" data, SSPD, 2018.

⁴¹ This is a public program of the Office of the Deputy Minister for Crime Prevention. The program specializes in crime prevention and rehabilitation of children and adolescents from 10 to 17 years of age.

⁴² Focused on positive childrearing and good parenting practices.

⁴³ Addresses problematic behaviors in adolescents (alcohol or drug abuse, risky sexual behavior).

⁴⁴ Intensive family and community treatment for adolescents with serious antisocial behaviors.

⁴⁵ Rule breaking is a common behavior among adolescents, but only a minority go on to more common or serious crime (Robins, 1978).

⁴⁶ Research reveals the influence of the family, peers, and the social environment on juvenile crime (Quinsey et al., 2004; Loeber and Farrington 2001).

⁴⁷ Lazos program memorandum (February 2019).

⁴⁸ Since 2000, policies have been developed to build local capacities for security management. There is currently a mixed model with interventions focused on priority neighborhoods.

- 1.10 **Response capacity to cyber incidents is limited, which is evident in the low rate of reporting to the MISP's CSIRT.** On average, the computer security incident response team (CSIRT) receives 52 reports per month;⁴⁹ a significantly smaller average than Spain (1,176)⁵⁰ and Israel (518),⁵¹ the leader on cybersecurity issues.⁵² This is partly explained by:
- a. **Low level of monitoring of government digital assets.** The country only has one CSIRT team at the government level, operating in the MISP. There are no similar structures in the various critical sectors, or lead agency supporting other CSIRTs strategically or operationally. The government CSIRT operates part-time, monitoring State Connectivity Network (RCE) links, which account for just 50% of central government traffic. Furthermore, teams are not used to monitor government agency networks.⁵³
 - b. **Low levels of effective cybersecurity management training for specialized staff.** In a 2018 survey answered by 172 of the 250 cybersecurity managers at government agencies, 54% reported that they had not received any cybersecurity training over the previous year; 27% reported receiving one to five days of training; and just 12% reported receiving more than a week of training. Only 8% reported having a "very high" level of knowledge to perform their duties and 21% reported having a "high" level of knowledge.⁵⁴
- 1.11 **Intervention rationale and strategy.** A comprehensive approach is proposed, combining activities to build MISP capacity, including upgrading the skills of the Investigative Police and Carabineros in the areas of crime prevention and investigation, and enhancing capacity to manage local crime prevention and cybercrime.
- 1.12 The program provides for action in three areas: (i) improving the management of police institutions; (ii) preventing local violence by reducing the social risks of crime among young people 10 to 17 years of age; and (iii) strengthening MISP management capacity, in line with the [Government Plan 2018-2022](#) (see paragraph 1.6).
- 1.13 The first area involves strengthening the MISP's planning and monitoring of the National Agreement for Public Security and police objectives and targets (paragraph 1.14) through: (i) modernization of administrative and financial systems for effective and transparent management; (ii) police professionalization and specialization; and (iii) implementation of computer tools for criminal analysis and implementation of prevention and investigation pilots to reduce robberies and increase community policing. This component includes innovative technological features for managing human and financial resources; integration

⁴⁹ Average monthly reports by persons external to the CSIRT (October 2018-March 2019 reports, CSIRT Chile).

⁵⁰ Monthly average for 2018; according to Spain's National Cybersecurity Institute (INCIBE).

⁵¹ Team's own calculation (monthly average over the first few months of 2019, according to information from the Israel National Cyber Directorate).

⁵² Chile scores 0.47 on the International Telecommunications Union (ITU) 2018 Global Cybersecurity Index, ranking it in ninth place in the Americas and 83rd in the world, out of 175 ITU member countries. This puts Chile among countries at the "maturing stage." According to the Cybersecurity Capacity Maturity Model (Oxford), Chile is at the "formative" stage on the model's evaluation: (i) national policy and strategy; (ii) culture and society; (iii) education, training, and skills; (iv) legal framework; and (v) standards, organizations, and technologies (see Cybersecurity Report 2016: Are We Ready in Latin America and the Caribbean?, IDB and Organization of American States, 2016).

⁵³ Monitoring teams are essential to detecting cyber incidents affecting government digital assets and computers, and to report on and respond to them.

⁵⁴ Survey taken during the First Seminar to Address the Challenges of Presidential Directive 8 of 30 November 2018 (current status of public sector cybersecurity management, MISP IT Division, 2018).

and interoperability of police information systems, and the massive use of big data. The second area involves support for local governments with tools and methodologies for multisector violence prevention planning and management, including surveillance of crime hotspots. The third area concerns the implementation of cybersecurity policies, providing cyber incident response and investigation services, training, and awareness raising.

- 1.14 **Government priorities.** One of the government's priorities is to improve security, as set forth in the [Government Plan 2018-2022](#).⁵⁵ To this end, the government convened the National Agreement for Public Security, with contributions from State and civil society stakeholders. The agreement includes 150 legislative and operational measures grouped into five areas: (i) police force modernization and strengthening; (ii) strengthening the State intelligence system; (iii) arms control; (iv) the role of municipal governments in public security; and (v) coordination of the criminal prosecutions system. The government has introduced new laws and regulations underpinning police force modernization.⁵⁶ Specialists from MISP, the two police forces, and the public prosecutor's office have conducted a diagnostic assessment and made recommendations on the assignment of functions and professionalization of the police.
- 1.15 Additionally, the country is moving ahead with the implementation of the [National Cybersecurity Policy 2017-2022](#), which includes 41 measures in five areas (infrastructure, legislation, dissemination, international collaboration, and industry). In October 2018, the Presidential Cybersecurity Directive was issued with the aim of protecting government networks, platforms, and IT systems. A bill to update legislation, in line with the Budapest Convention,⁵⁷ was also introduced.
- 1.16 **Bank interventions in the sector.** The Bank's experience in citizen security, especially in the areas of police force modernization and strengthening of local social violence prevention programs, includes such programs as the Comprehensive Citizen Security Program (loan 3875/OC-UR); Integrated Local Management Program for Citizen Security (loan 2770/OC-UR); Citizen Security and Inclusion Program (loan 2210/OC-AR); Program of Support for the Implementation of the Comprehensive Civic Coexistence and Public Safety Policy (loan 2745/BL-HO); Citizen Security and Justice Programme III (loan 3191/OC-JA); Violence Prevention and Social Inclusion Promotion (loan 2526/OC-CR); Violence Prevention Strategy Comprehensive Support Program (loan 2881/OC-ES). The program also has technical-cooperation funding (ATN/OC-16894-CH) for studies to support the design and execution of this operation.
- 1.17 **Lessons learned and relationship with other Bank operations.** The design of the program draws on the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), Citizen Security and Justice Sector Framework Document (document GN-2771-7), the recent thematic evaluations by the Bank's Office of Evaluation and Oversight (documents RE-456 and RE-455-1), lessons learned over a decade of the Bank's work in the region, and, in particular, knowledge gleaned from the implementation of similar projects in the region. Specifically, Component 1 reflects the need to modernize the police force to make it an efficient institution that responds to local

⁵⁵ [EMOL. Presidente Piñera define prioridades del Ejecutivo para 2019 en reunión de trabajo con parlamentarios de Chile Vamos.](#)

⁵⁶ See [table of regulations associated with the sector, 2018/2019](#). These new laws and regulations do not need to be approved in order to implement the activities proposed in this operation.

⁵⁷ See [table of regulations associated with the sector, 2018/2019](#) and Bulletin 12192-25.

security needs. Accordingly, activities to improve crime prevention and investigation tools based on the use and analysis of crime information have been incorporated (learned in operations 2584/OC-EC, 2210/OC-AR, and 4400/OC-JA), and evidence-based police strategies such as community policing have been implemented (used in previous operations, including operations 2745/BL-HO, 2210/OC-AR, 2770/OC-UR, 3137/OC-BR, 3241/OC-BR, 3279/OC-BR, and 3875/OC-UR). Component 2 builds on experience from community-based social violence prevention programs, focusing its interventions on specific geographic areas and vulnerable population groups, such as young people (learned in operations 3191/OC-JA 2745/BL-HO, 2881/OC-ES, 3875/OC-UR, 3137/OC-BR, 3241/OC-BR, and 3279/OC-BR). Component 3 builds on advanced experiences from outside the region, particularly as regards the importance of creating and strengthening apex agencies on cybersecurity issues.⁵⁸ The program has also benefited from the Bank's assistance to the country in the form of support instruments (e.g. technical-cooperation operations ATN/OC-16323-CH and ATN/OC-15731-CH), which enabled knowledge products to be developed relating to factors influencing the perception of security of Chilean citizens and efficient financial mechanisms to foster the social and economic reintegration of women deprived of their freedom, inputs that have proven critical for the dialogue and paving the way for the prioritization of this operation. Lastly, the program generates learning synergies for strengthening the CSIRT's operational capacities and technology tools, as well as the training and professionalization of cybersecurity specialists, with a cybersecurity strengthening loan that is currently in the design stage.

- 1.18 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008), through its alignment with the development challenge of social inclusion and equality, as it aims to reduce rates of violent robberies both nationwide and in the Santiago metropolitan region, strengthen factors protecting young people ages 10 through 17 by improving parenting practices, strengthening family ties, increasing school attendance, and reducing young people's contact with the criminal justice system in prioritized municipalities of metropolitan Santiago; it is also aligned with the development challenge of productivity and innovation, as it promotes the development of instruments that contribute to more efficient use of factors of production and/or induce a faster rate of technology innovation by using big data and artificial intelligence to make sophisticated predictive analyses for preventing and investigating crimes; and it is also aligned with the crosscutting themes of institutional capacity and the rule of law, through activities to strengthen the MISP as Chile's apex agency for public security, as well as the Investigative Police and the Carabineros to prevent and investigate crime. It is aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6), through the following indicators: (i) subnational governments benefited by citizen security projects, by benefiting municipalities in the Santiago metropolitan region; (ii) government agencies benefiting from projects to strengthen technology and management tools to enhance the delivery of public services through improvements to the financial management, human resources, accountability, and crime information systems of the Investigative Police and Carabineros; and (iii) strengthened crime information systems, through improving crime information systems and teams of the Investigative Police and Carabineros to enhance their capacity to prevent and investigate crime. The program is also aligned with the Sector Strategy Institutions for Growth and Social Welfare (document GN-2587-2), in the area of reducing insecurity, and its pillar supporting public policy through capacity-building of sector agencies

⁵⁸ [Advanced Experiences in Cybersecurity Policies and Practices: An Overview of Estonia, Israel, South Korea, and the United States.](#)

at the subnational level. It is also consistent with the Citizen Security and Justice Sector Framework Document (document GN-2771-7), as it supports actions to improve local security management, the generation of quality data for the design and implementation of evidence-based public policies, and with the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), by supporting actions to enhance police integrity, oversight, and accountability mechanisms. The program is also aligned with the IDB Group Country Strategy with Chile 2019-2022 (document GN-2946), specifically with the strategic objective of simplifying government procedures for the public, in the priority area of improving quality of life for the population by introducing tools to detect cyber incidents, and, lastly, it is included in the Update of Annex III of the 2019 Operational Program Report (document GN-2948-2).

- 1.19 **Gender additionality.** The program will contribute to the development of training plans and strategies in both police forces that incorporate the gender perspective and inclusion and promote stronger representation of women in the police force (see paragraph 1.23(b) and 1.24(b)).
- 1.20 **Safeguards for working with the police.** In compliance with the Operational Guidelines for Designing and Implementing Citizen Security and Civic Coexistence Programs (document OP-226-1), the following safeguards are envisaged, which will help ensure the transparency of the process of modernizing the two police forces (Investigative Police and Carabineros): (i) updating the internal audit mechanisms and accountability (paragraphs 1.22 through 1.24); and (ii) strengthening internal affairs offices by implementing a system for receiving and managing reports by citizens and police personnel (paragraphs 1.22 through 1.24). Additionally, academic organizations and civil society are expected to support and monitor the process of modernizing police forces, as envisaged in the National Agreement for Public Security. As regards police training and specialization, strategic guidance will be offered by regional and international experts, through technical cooperation operation ATN/OC-16894-CH.

B. Objectives, components, and cost

- 1.21 The program's general objective is to help reduce violent robberies and improve Chile's capacity to manage cyber incidents and cybercrimes. Its specific objectives are to: (i) improve police capacity to prevent and investigate violent robberies in the Santiago metropolitan region; (ii) reduce antisocial and criminal behavior among young people ages 10 through 17 in prioritized municipalities of the Santiago metropolitan region; and (iii) improve MISP capacity to manage cyber incidents. To help achieve this objective, the following components have been identified:
- 1.22 **Component 1. Modernization of Chile's police forces to prevent and investigate violent robberies in the Santiago metropolitan region (US\$46,705,000).** This component aims to strengthen police capacity (in both the Carabineros and the Investigative Police) to prevent and investigate violent robberies in the Santiago metropolitan region. To that end, it will finance the implementation of the Strategic Police Development Plans (PEDPs)⁵⁹ of both police forces, separating activities into two subcomponents:

⁵⁹ The PEDPs set institutional objectives for a minimum of eight years. The operational and administrative management plan, consistent with the PEDP, identifies guidelines, lines of action, and objectives for the period corresponding to each police command (Acuerdo Nacional por la Seguridad Pública, 2018 [2018 National Agreement for Public Security]).

1.23 Subcomponent 1.1. Strengthening the Investigative Police. This subcomponent will finance activities in the following areas:

- a. In the administrative and financial area, the program will finance: (i) the design and implementation of a management system to optimize procurement, asset management, and financial resources processes, to achieve closer coordination between the administrative and operational areas; (ii) modernization of the internal audit and accountability system; (iii) strengthening the police force's office of internal affairs to make the reception of reports by citizens and by the institution's personnel faster and more transparent; (iv) design and implementation of a technological tool and plan to integrate the various information systems and enable their use by operational units in a crosscutting way; and (v) development of a change-management and communication strategy, and a community engagement plan.⁶⁰
- b. In the human resources area, and working within the current regulatory framework, the program will support the design and gradual implementation of: (i) police careers (taking modeling profiles and duties, competencies, promotions, and retirement into account), bearing in mind the gender perspective;⁶¹ and (ii) the police personnel training and specialization plan, so as to respond to the modernization in progress and the current demands of Chilean society.
- c. At the operational level, the program will support: (i) implementation of the IRR 360 strategy for investigating violent robberies in metropolitan Santiago⁶² (specialized training in criminal investigation techniques); (ii) establishment of a data and information management and business intelligence system to improve investigative processes,⁶³ and (iii) design and implementation of a strategy for investigative knowledge management, criminal analysis, and compilation of innovative practices that strengthen investigative work.

1.24 Subcomponent 1.2. Strengthening of the Carabineros de Chile. This subcomponent will finance activities in the following areas:

- a. In the administrative and financial area, this program will support: (i) design and implementation of an information and control system for administrative and operational management, and optimization of procurement processes, assets and financial resource management, aligning them with the new PEDP;⁶⁴ (ii) implementation of the

⁶⁰ There is evidence relating the perception of police legitimacy to fair treatment of citizens (Braga et al., 2014; Sunshine and Tyler, 2003; Tyler, 1990).

⁶¹ The literature suggests there are benefits to stronger representation of women in police forces: there is a greater likelihood that female police chiefs consider adopting innovations as an organizational priority (Matusiak, King, Maguire, 2016).

⁶² The IRR 360 strategy aims to help clear up robberies nationally by increasing the number of known suspects through strengthening the criminal analysis and intelligence of the Investigative Police Robbery Brigade.

⁶³ The use of technology to improve management and analysis of criminal information may improve crime predictions. (Lum and Koper, 2017).

⁶⁴ The PEDP is one of the proposals in the National Public Security Agreement, presented by the President of the Republic in 2018. It will be prepared by the Carabineros de Chile in coordination with the MISP for an eight-year horizon, reviewable every four years.

- new Internal Audit Division (DAI),⁶⁵ including the design of the audit model, the development of the risk matrix, identification of processes to be audited, staff training, and provision of equipment and software; (iii) development of accountability mechanisms, including the development of indicators (scorecard), and an institutional management control system; (iv) strengthening the internal affairs unit and reporting system processing the reception and handling of reports by citizens and the institution's personnel;⁶⁶ (v) development of a monitoring and compliance system for the strategic objectives and action plans stemming from the PEDPs; (vi) development and implementation of a strategy to facilitate the interoperability of the various information systems; and (vii) development of a change-management and communication strategy.
- b. In the human resources area, the program will support: (i) design and implementation of an information system to manage the institution's human resources, to include modeling of the workforce with a gender perspective (profile, positions, grades, competencies, admission, promotion, and retirement), in administrative, operational, and support areas;⁶⁷ and (ii) the design and gradual implementation of a new model for training and specialization of Carabineros staff within the sphere of the institution's competencies.⁶⁸
- c. At the operational level, the program will support: (i) modernization of the Criminal Analysis Unit, including equipment, purchase of software, building technical capacities in criminal analysis, operations, and strategy to strengthen the preventive function;⁶⁹ (ii) updating and modernizing community policing strategies (Quadrant Plan/Carabineros-Community Integration Model (MICC))⁷⁰ in the Santiago metropolitan region;⁷¹ and (iii) the design and gradual implementation of the single emergency calls system, including integration and interoperability of the police system with other public entities, such as the fire department and public health posts.⁷²

⁶⁵ The Carabineros' DAI, created by Carabineros General Order 2,637 of 13 March 2019, is tasked with oversight of financial and accounting activities, proposing institutional audit objectives, and other measures to make effective and efficient use of the institution's financial resources.

⁶⁶ Internal oversight mechanisms are an important part of preventing and tackling misconduct; their use can reduce the number of complaints and cases of misconduct (Macintyre et al., 2008; Hassell and Archbold, 2010; McCluskey and Terrill, 2005).

⁶⁷ Female police officers tend to place more emphasis on community relations and give rise to fewer complaints about misconduct or misuse of force (Sichel, 1978).

⁶⁸ The likelihood of the undue use of force decreases when police officers have been properly trained (Paoline and Terrill, 2007; Rydberg and Terrill, 2010).

⁶⁹ This model aims to prevent or reduce crime (Proactive Policing, National Academies of Sciences, Engineering and Medicine, 2017) by using large volumes of data to identify patterns and anticipate crime (Walter, 2013).

⁷⁰ The Quadrant Plan/MICC comprises a sector-based (quadrants) preventive security surveillance system, which entails the development of preventive actions and procedures in an area under the surveillance of the Carabineros. Its general aim is to raise the efficiency of police work while emphasizing the direct working relationship with the residents of each quadrant.

⁷¹ This includes strengthening municipal offices, training local-level analysts, statisticians, and sociologists, and improving data collection and analysis systems.

⁷² The emergencies system will connect the Carabineros, Investigative Police, mobile medical emergency service, fire department, and others (Plan Chile Seguro y en Paz, 2018).

- 1.25 Component 1 also provides for the development of a management tool (sector delivery unit model⁷³) to support sector planning, monitoring, and accountability, including the targets of the National Agreement for Public Security. This includes the definition of interagency coordination protocols, implementation of a “control panel,” and capacity building in the Office of the Deputy Minister of the Interior.
- 1.26 **Component 2. Strengthening local preventive security (US\$17,000,000).** This component aims to reduce antisocial and criminal behavior among young people ages 10 through 17 in Chilean municipalities.⁷⁴ To achieve this objective, the component will support the following activities: (i) technical assistance, training, and equipment for the implementation of a demonstration pilot⁷⁵ for the Lazos program,^{76,77} to include evidence-based interventions targeting young people at varying levels of risk; (ii) expansion of the Lazos program to 22 municipalities⁷⁸ in the Santiago metropolitan region, including the design and implementation of an impact assessment; (iii) strengthening the model of comprehensive intervention at the community level in the Barrios Prioritarios [priority neighborhoods] program,^{79,80} including implementation through a pilot program,⁸¹ and design of structures to facilitate interagency coordination of security management; (iv) training of local officials in the design and preparation of comprehensive violence prevention plans; and (v) technical assistance, training, and equipment for the implementation, monitoring, and evaluation of comprehensive security plans, including situational crime prevention interventions.⁸²
- 1.27 **Component 3. Strengthening MISP institutional capacity for managing cyber incidents (US\$27,000,000).** The objective of this component is to increase the MISP’s capacity to manage cyber incidents, with the following activities:

⁷³ Public-sector management tool for monitoring priority government targets for strategic planning (Dumas, Lafuente and Parrado, 2013).

⁷⁴ Prioritization was conducted with the Lazos Index, calculated using crime, education, and socioeconomic statistics.

⁷⁵ The pilot will be run in the Puente Alto municipality, which, of the 22 prioritized municipalities, is that with the highest index (83.05) and 11.34% of young offenders, persons immune from prosecution, and crime victims.

⁷⁶ See footnote 41 of paragraph 1.9(a).

⁷⁷ An evaluation of multisystemic therapy in Chile found that: (i) for young people aged 16 to 18, therapy reduces the share of adolescents formalized during the first year after completing therapy by between 10.7 and 13.4 percentage points; (ii) the share of enrollments in the year following the evaluation rose by 3.2 percentage points; and (iii) school attendance during the year following the evaluation rose by 6.8 percentage points. (Paz Ciudadana evaluation, 2018). Triple P is based on empirical evidence in over 25 countries. The results of the Families Unidas intervention include: a reduction in the use of illegal drugs from 29.1% to 22.5% in the treatment group, while in the control group it rose from 23.1% to 31.3%. Reduction in the percentage of adolescents with alcohol dependency from 15.8% to 5.4%, compared with a control group in which it rose from 6.6% to 8.1% (Prado, Cordova, et al., 2012).

⁷⁸ Puente Alto, Santiago, Maipú, San Bernardo, La Pintana, Pudahuel, La Florida, Quilicura, Peñalolén, Recoleta, Renca, El Bosque, Cerro Navia, Colina, La Granja, Melipilla, Estación Central, Quinta Normal, Conchalí, Lo Espejo, San Ramón, Peñaflores.

⁷⁹ The “Barrios Prioritarios” program is an initiative that applies a combination of police and social work to address the issue of criminality in areas that are highly vulnerable to crime.

⁸⁰ There is qualitative evidence of the benefits of comprehensive interventions in vulnerable neighborhoods. Implementation and evaluation of a pilot Barrios Prioritarios program is proposed.

⁸¹ The pilot will be in the Santo Tomás neighborhood, in the La Pintana municipality. Fifth municipality prioritized by the Lazos index (47.96), which also has a high concentration of crime.

⁸² A systematic review by Welsh and Farrington (2008) based on 44 evaluations of cameras in public places found them to have a modest but significant effect on reducing vehicle theft.

- a. Modernization of the Office of the Deputy Minister of the Interior's cybersecurity capacities: (i) strengthening of MISP steering capacities (e.g. organization, procedures, and manuals); (ii) development of technology infrastructure for the provision of government IT asset monitoring services, responding to and investigating cyber incidents, intelligence and information-sharing on cyber threats; and (iii) technology infrastructure for ongoing staff training in this area.
 - b. Design and implementation of a training and specialization plan for cybersecurity professionals at the MISP and critical sectors, such as finance, energy, health, transportation, and telecommunications.
 - c. Development and implementation of cybersecurity awareness-raising strategies for target audiences⁸³ and the general public.
 - d. Knowledge generation on the challenges and opportunities in the process of implementing the National Cybersecurity Policy.
- 1.28 **Beneficiaries.** The main beneficiaries will be Chilean citizens, specifically those living in the Santiago metropolitan region. The beneficiaries of Component 1 will be citizens who are most impacted by robbery involving violence and/or intimidation. Component 2 will benefit families and young people (ages 10 through 17) in municipalities of Santiago with the highest rates of social vulnerability to crime. Component 3 will particularly benefit citizens who are frequently victims of cyber incidents.
- C. Key results indicators**
- 1.29 **Expected outcomes.** The expected impact will be a reduction in the rate of robberies involving violence and/or intimidation and improved maturity of national cybersecurity capacity. To achieve this impact the program will aim for the following outcomes, whose indicators are listed in the results matrix: (i) reduction in the rate of robberies involving violence and/or intimidation in the Santiago metropolitan region; (ii) increase in the reporting rate of robberies involving violence in the Santiago metropolitan region; (iii) increase in the percentage of violent robberies in the Santiago metropolitan region investigated by the Investigative Police with an identified suspect; (iv) increase in the school attendance rate; (v) reduction in rate of young people ages 10 through 17 brought into police stations; and (vi) increase in the number of cyber incidents reported to the CSIRT by external agents.⁸⁴
- 1.30 **Economic evaluation.** A preliminary cost-benefit analysis was carried out to study the program's internal rate of return and economic viability. It estimated the program's net present value at US\$32.3 million. Benefits were estimated for 10 years from the start of the program, and the indicators were expected to improve during the program's first five years. The analysis of the benefits of the program in terms of strengthening the strategic management of public security in Chile concentrated on impact in three specific areas: reduction in computer sabotage, drop in crime, and expansion of prevention programs. These areas yield benefits over the course of the program evaluation, indicating that, US\$1.44 would be obtained for each dollar spent, with an internal rate of return of over 20% in the contexts analyzed. Different scenarios were also calculated and a sensitivity analysis was carried out to determine the validity of the results, and even more

⁸³ Specific audiences based on age, professional role, economic sector, etc.

⁸⁴ The increase in the number of reports to the computer security incident response team (CSIRT) will reflect increased awareness and training of staff and the public on procedures to follow and greater confidence in the ability of the CSIRT to resolve incidents.

conservative assumptions introduced to study the economic viability in stricter scenarios. The program was found to be economically viable in all the cases studied (see [program economic analysis](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Financing instrument and modality.** The total cost of the program is U\$96 million and will be financed with a specific investment loan from the Bank's Ordinary Capital resources; it will include a local counterpart contribution in cash of US\$48 million (50%). The disbursement period is five years from the effective date of the loan contract. The estimated program costs (see Table 1) and the disbursement timeline (see Table 2) are shown below:

Table 1. Estimated program costs (US\$)

Components and activities	IDB	Local	Total	%
Component 1. Modernization of Chile's police forces to prevent and investigate violent robberies in the Santiago metropolitan region	23,352,500	23,352,500	46,705,000	48.65
Component 2. Strengthening local preventive security	8,500,000	8,500,000	17,000,000	17.70
Component 3. Strengthening MISP institutional capacity for managing cyber incidents	13,500,000	13,500,000	27,000,000	28.13
Administration and other contingent expenses ⁸⁵	2,647,500	2,647,500	5,295,000	5.52
Total	48,000,000	48,000,000	96,000,000	100.00

- 2.2 Provided that the program's objectives are not changed, the distribution of resources by component and activity charged against the loan and local counterpart may be modified by written agreement between the borrower, through the executing agency, and the Bank.

⁸⁵ Includes audits, monitoring, and evaluations.

Table 2. Annual disbursement flows (US\$)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	1,795,119	16,064,391	16,344,134	9,884,541	3,911,812	48,000,000
Local	1,795,119	16,064,391	16,344,134	9,884,541	3,911,812	48,000,000
Total	3,590,239	32,128,782	32,688,268	19,769,083	7,823,625	96,000,000
%	3.74	33.47	34.05	20.59	8.15	100

B. Environmental and social safeguard risks

- 2.3 Under the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the operation was classified as a category “C” operation. It does not include the financing of infrastructure or civil works.

C. Fiduciary risks

- 2.4 During the program design phase, the institutional capacity of the executing agency was analyzed, yielding a medium-level fiduciary risk. A workshop was held with the executing agency, during which the main fiduciary risks were rated. The fiduciary risks were identified in both these exercises. The main procurement risks, identified as medium- to high-level, will arise from the potential noncompliance with the [procurement plan](#), and, consequently, with the annual work plan, given that most of the loan proceeds will be used for the selection and procurement of goods and consulting services to be conducted by the beneficiary entities as technical subexecuting agencies. These need to have staff with technical and fiduciary knowledge to draw up appropriate terms of reference and apply the relevant policies. The main financial risk involves the inherent difficulty of the program in terms of the internal oversight that needs to be implemented, identified as a medium-level risk.

- 2.5 **Recommended risk-mitigation actions:** (i) comprehensive use of the country financial management and audit systems of the Office of the Comptroller General of the Republic (CGR); (ii) creation of a program coordination unit (PCU) in the Office of the Deputy Minister of the Interior as a condition precedent to disbursement, to include two fiduciary (procurement) specialists with knowledge and experience in government procurement and financial accounting management, and experience using the government financial management information system (SIGFE) and in preparing financial reports for internationally financed projects; (iii) appointment by each beneficiary entity of a project leader, who will be accountable to the PCU for the program’s progress; (iv) signature of execution agreements with the technical subexecuting agencies that spell out specific responsibilities, according to the execution arrangements (see paragraph 3.1); (v) submittal for the Bank’s no objection of the [program Operations Manual](#); and (vi) internal audit follow-up on the recommendations of the CGR and the program’s executing agencies. Lastly, a launch workshop will be held, followed by ongoing training of the executing agency and beneficiary entities.

D. Other key issues and risks

- 2.6 The risk assessment exercise identified three medium- to high-level risks relating to public management and governability. These are described below together with their mitigation measures: (i) delays in obtaining the outputs for Component 1 and in the startup of efforts to modernize the two police forces if the career and training designs do not materialize in the second half of 2019. To mitigate this risk, the Office of the Deputy Minister of the Interior, with Bank support (technical-cooperation funding ATN/OC-16894-CH), has begun

designing the career and training models, so that the basic outline of the policing model the program aims to implement will be available when it starts; (ii) delays in decision-making and certain program activities if the new administration taking over government in March 2022 were to take a different view of the program, which could result in slower implementation and delays in achieving the expected outcomes; as a mitigation measure, efforts will be made to inform and raise awareness of the program among the new authorities, and all the procedures on which a significant percentage of execution is due to be based by that time (close to 70%) will be documented; and (iii) resistance by staff from both police forces to the modernization process, which could result in delays in program decision-making and activities, including execution. As a mitigation measure, a change-management consulting firm will provide advice to the police forces on how to run participatory and inclusive diagnostic assessment processes and how to design solutions and implement pilot projects; as well as define and support implementation of a dissemination, training, and awareness-raising strategy (see paragraph 1.23(a)).

- 2.7 **Sustainability.** The program will help implement the priorities of the Government Plan 2018-2022, the National Agreement for Public Security, and the Cybersecurity Policy (paragraphs 1.14 and 1.15). The National Agreement for Public Security is the outcome of a roundtable that brought together representatives of government, the opposition, parliamentarians and mayors, delegates of the Office of the Public Prosecutor, civil society, and academia. Several of the measures refer to laws for which there is a financial report that, as applicable, includes an estimate of the projected increased annual fiscal spending and its corresponding funding sources (see paragraph 1.14 and the [table of regulation associated with the sector, 2018/2019](#)). Each year, the investments in technology (investments and associated recurrent expenses) are set forth in the respective public-sector budget laws, and funded with the resources established therein. The MISP's IT Department is responsible for providing the technology platform supporting the Ministry's management, including connectivity, technology services, and information systems, as well as assisting in the government's technology development to improve management, citizen services, and cybersecurity. It also includes institutionalized preventive initiatives, such as the Lazos and Barrios Prioritarios programs, which have been at the implementation stage since 2012 and 2016, respectively, in the municipalities hardest hit by violence.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Execution mechanism.** The borrower will be the Republic of Chile, acting through the executing agency. The executing agency will be the MISP, acting through the Office of the Deputy Minister for the Interior. The program technical subexecuting agencies will be: for Component 2, the Office of the Deputy Minister for Crime Prevention; and for Component 1, the Investigative Police and the Carabineros de Chile. These agencies will be responsible for planning, implementation, and reporting on the activities in the program components. Moreover, the executing agency will be responsible for the activities associated with the delivery unit under Component 1, and for all activities under Component 3. The executing agency will be supported by a program strategic committee (PSC), which will be responsible for the program's strategic management and coordination. The PSC will be composed of: (i) the Minister of the Interior and Public Security, who will chair the committee; (ii) the Deputy Minister of the Interior; (iii) the Deputy Minister for Crime Prevention; (iv) the Director

General of the Carabineros; (v) the Director General of the Investigative Police; and (vi) the PCU coordinator, who will serve as its secretary.⁸⁶

- 3.2 The PSC will meet at least twice a year and whenever the needs of the program or any member of the PSC so require. The PSC's main functions will be to: (i) steer, coordinate, oversee, and evaluate the program's strategic aspects; (ii) approve the [multiyear execution plan](#); (iii) review and approve semiannual progress reports on program execution and audit reports; and (iv) intervene in strategic aspects of program execution as it sees fit. The members of the PSC may designate a representative to attend meetings.
- 3.3 The program coordination unit (PCU), to be set up within the Office of the Deputy Minister of the Interior, will be responsible for the program's operational execution. The PCU will be headed by a coordinator, who will report to the Deputy Minister of the Interior. He or she will be responsible for steering and monitoring execution of the scheduled activities and will serve as the point of contact with the Bank and the technical subexecuting agencies. The PCU will be composed of: (i) a coordinator; (ii) two fiduciary management specialists (i.e. administrative, financial, and procurement); and (iii) a planning specialist. The PCU will coordinate, monitor, and supervise the technical subexecuting agencies and other program stakeholders, as described in the [program Operations Manual](#).
- 3.4 Additionally, a program technical committee will be set up to advise the PCU on technical and operational matters and thus facilitate the efficient implementation of the program. It will be comprised of representatives of the executing agency and technical subexecuting agencies. The breakdown of this committee's members will be provided in the [program Operations Manual](#).
- 3.5 During the course of program execution, the borrower may decide to change the composition of the PSC, and the PSC may decide to change the composition of the PCU and the program technical committee; this must be reflected in an amendment to the program Operations Manual and approved by the Bank.
- 3.6 **Special contractual conditions precedent to the first disbursement of the financing: The executing agency will submit evidence satisfactory to the Bank that: (i) the program strategic committee has been established and all its members appointed; (ii) the program coordination unit has been established and its coordinator and at least one of its fiduciary specialists appointed; and (iii) the Manual has been approved.** The first two conditions are necessary to establish the basic organizational structures of the program execution mechanism, while the third enables detailed regulation of the operational aspects necessary for the program's implementation.
- 3.7 **Procurement of works, goods, and services.** Advanced use of Chile's country procurement system⁸⁷ will be made for procurement of: (i) goods and nonconsulting services, up to the national competitive bidding threshold; (ii) consulting services, up to the national shortlist threshold; and (iii) individual consultants, unlimited. Above these limits, Bank-financed procurement will follow the Bank's procurement policies (documents GN-2350-9 and GN-2349-9) or be totally financed from the local counterpart contribution, in the event the executing agency wishes to apply national legislation. The

⁸⁶ The [program Operations Manual](#) describes the responsibilities of the technical subexecuting agencies.

⁸⁷ In December 2011, the IDB approved the advanced use of Chile's country system for Bank-financed operations, within the scope and thresholds established for Chile, namely: (i) US\$350,000 for works; (ii) US\$350,000 for goods and services; (iii) US\$500,000 for consulting services; and (iv) unlimited for individual consulting services.

program's [procurement plan](#) will indicate what types of procurement will use country systems.

- 3.8 **Advance procurement and retroactive financing.** The Bank may retroactively finance and/or recognize expenses incurred by the borrower prior to the loan approval date for goods and consulting services, up to US\$4 million (8.3%) charged against the program's loan proceeds, and up to US\$2.4 million (5%) charged against the local contribution, provided that procedures substantially similar to those set out in the loan contract have been followed. These expenditures will have been incurred on or after the project profile approval date (20 March 2019), but under no circumstances will they include expenditures incurred more than 18 months prior to the date the IDB approved the operation. Procurement processes currently under way associated with Components 1, 2, and 3 have been identified for retroactive financing.
- 3.9 **Fiduciary agreements and requirements.** The loan proceeds may be disbursed in the form of advances of funds, reimbursement of expenses, or direct payments to suppliers. In the case of advances of funds, disbursements will be based on expense projections of up to 180 days. Disbursements will be made in accordance with the program's real liquidity needs (financial planning). The PCU will submit each disbursement request, with a financial plan initially covering expense projections for 180 days. Funds may be advanced by the Bank when the executing agency has documented at least 65% of the cumulative balance of advances of funds pending justification. The PCU will submit the program's audited annual financial statements, under the terms and by the deadlines required by Bank policies.

B. Summary of results monitoring arrangements

- 3.10 **Monitoring.** The program monitoring system will comprise: (i) the results matrix; (ii) the [multiyear execution plan](#); (iii) the annual work plan; (iv) the [monitoring and evaluation plan](#); (v) the [procurement plan](#); (vi) progress monitoring reports; (vii) semiannual progress reports; (viii) audited financial statements; (ix) the risk management matrix; and (x) terms of reference for consulting services. The PCU will prepare semiannual progress reports for review by the Bank. The executing agency will use the results matrix and activities defined in the progress monitoring report.
- 3.11 **Evaluation.** A midterm and final evaluation of the program's technical, administrative, and financial aspects will be conducted, together with continuous monitoring of the results matrix. This will focus on the impacts, outcomes, and outputs and will identify the most high-impact inputs. The midterm evaluation will be performed when at least 50% of the disbursements have been made or two and a half years from the effective date of the loan contract (whichever occurs first). The final evaluation will be performed when disbursements have reached at least 95% of the total. The monitoring of both evaluations will verify the validity of the theory of change (or multiple theories, depending on the component) and allow for fine-tuning. These mechanisms and instruments will be used to inform the results of the monitoring, which will serve as an input to the program completion report. Additionally, an ex post economic evaluation will be performed, with the corresponding cost-benefit analysis, so as to evaluate the size of the return obtained at the program's completion.
- 3.12 A quasi-experimental impact evaluation will be performed on Component 1. This may use the differences-in-differences methodology to estimate the impact of the program's interventions in reducing crime. An experimental evaluation is also proposed (randomized controlled test) on the comprehensive Lazos program to analyze the intervention's effect on risk factors and protection in relation to criminal activity and the behavior of young

beneficiaries (see [monitoring and evaluation plan](#)). Additionally, two evaluations will be performed on the process and design of the pilot projects for the Lazos and Barrios Prioritarios programs, and one case study on the progress made in cybersecurity associated with the program. The purpose is to generate the knowledge necessary in relation to the intervention design and implementation processes and produce lessons learned that may be applicable to other Bank projects.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Productivity and Innovation -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Subnational governments benefited by citizen security projects (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Crime information systems strengthened (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2946	Simplify government procedures for the public
Country Program Results Matrix	GN-2948-2	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability	Evaluable	
3. Evidence-based Assessment & Solution	9.1	
3.1 Program Diagnosis	2.4	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	2.7	
4. Ex ante Economic Analysis	9.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	9.6	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.1	
III. Risks & Mitigation Monitoring Matrix	Medium	
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary	Yes	Statistics National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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	Yes	A technical cooperation (CH-T1206; ATN/OC-16894-CH) was approved to support the design and implementation of the project.

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Evaluability Assessment Note:

The main goal of the operation is to contribute to the reduction of robberies and to improve the management capability of cybersecurity incidents in Chile.

In order to achieve this end, the operation defines an approach in three specific areas which the project will intervene. The first area focus is to improve police's ability to prevent and investigate violent robberies in the city of Santiago. The second area is focused on reducing the antisocial and criminal behaviour of young people in prioritised communities in the city of Santiago. The third area is focused on the improvement of MISP (Ministry of the Interior and Public Security)'s capacity to manage cybersecurity incidents. The document includes a description of the gaps in the processes that lead to weaknesses in each of these areas.

The economic analysis provides a quantification of the benefits of the reduction of crime and cybersecurity attacks. The analysis concludes with a Net Present Value of \$32.3 million (USD) and an Internal Rate of Return of twenty eight percent 28%.

The monitoring is based on the MISP's reports. The final evaluation includes an impact evaluation to measure the effect of improvements in arrests and lawsuits. The impact evaluation will be based in the methodology of the DID (Difference-in-Difference estimation). The rest of the outcomes indicators will be measured by the method before and after.

Five of the seven identified risks are classified as medium-to-high. The main risks are the potential delays and resistances to the implementation of the project's modernization reform policies. Therefore, technical assistance, socialisation of the project and training activities, among others, will be implemented as part of the mitigation measures.

RESULTS MATRIX

Program objective:	The program's general objective is to help reduce violent robberies and improve Chile's capacity to manage cyber incidents and cybercrimes. Its specific objectives are to: (i) improve police capacity to prevent and investigate violent robberies in the Santiago metropolitan region; (ii) reduce antisocial and criminal behavior among young people (ages 10 through 17) in prioritized municipalities of the Santiago metropolitan region; and (iii) improve the capacity of the Ministry of the Interior and Public Security to manage cyber incidents.
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Final target	Final target year	Means of verification	Comments
I.1 Rate of robberies involving violence and/or intimidation in Chile	Rate (number of robberies per 100,000 population)	403.8	2018	342.7	2023	Official statistics on crimes of social significance, Crime Analysis and Studies Center (CEAD)	Inasmuch as 60% of robberies with violence and/or intimidation occur in the Santiago metropolitan region, we have estimated the final target extrapolating from the effects discussed in the results section. Accordingly, we assume zero effect on other untreated regions.
I.2 Maturity of national cybersecurity capacity (2016)	Maturity index	114	2016	140	2023	Cybersecurity: Are We Ready in Latin America and the Caribbean? IDB and Organization of American States (OAS), 2018	<p>According to the IDB and OAS report (2018), comparable countries made progress on their maturity indexes:</p> <p>In Mexico, following implementation of a national digital strategy (including policies, coordination, governance, awareness-raising, training, and cybersecurity technology), its score rose by 17 points.</p> <p>In Colombia, the implementation of a similar national policy (including incident response, protection of critical infrastructure, awareness-raising, and investments in cybersecurity technology) resulted in an increase of 29 points.</p> <p>Considering that the program includes similar actions, a 26-point increase in the index is anticipated.</p>

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Final target	Final target year	Means of Verification	Comments
1. Reduction in robberies and an increase in the robbery reporting rate and rate of robberies with an identified suspect in the Santiago metropolitan region, owing to improvements in police capacity							
R.1.1 Rate of robberies involving violence and/or intimidation in the Santiago metropolitan region	Rate per 100,000 population	685.1	2018	534.4	2023	Official statistics on crimes of social significance, CEAD (updated quarterly)	García, Mejía, and Ortega (2013) found that a community policing initiative in Bogotá managed to reduce the rate of homicides, burglaries, and street fights by 22%. The final target was calculated subtracting 22% from the robbery rate recorded in the Santiago metropolitan region (baseline), yielding 534.4 robberies per 100,000 population.
R.1.2 Reporting rate of robberies involving violence in the Santiago metropolitan region	Percentage of victims who report robberies involving violence	48	2017	49.8	2023	National Urban Citizen Security Survey (ENUSC) (updated annually)	Based on a meta-analysis of 29 impact evaluations of community policing and improved treatment, Mazerolle et al. (2013) found an increase in perceptions of trust in the police, obtaining a weighted average odds ratio of 1.75 using the random effects model. Taking a conservative approach, we estimate an odds ratio effect of 1.30, which, applied to the baseline of 60% trust in the police would imply a 21-percentage-point increase in trust. The values for the increase in trust and increase in the current reporting level indicator were estimated on the basis of these estimates.
R.1.3 Percentage of robberies involving violence with an identified suspect in the Santiago metropolitan region	Percentage of robberies involving violence investigated by the PDI for which suspects have been identified	15.9	2017	22.7	2023	Report by DESTAPOL, CENACRIM, PDI (updated semiannually)	McCluskey et al. (2014) found that the creation and strengthening of a centralized model for the investigation of robberies involving violence and/or intimidation in Texas increased the number of cases with an identified suspect by 40% over 14 months. Based on the IIR 360 national robbery investigation strategy, we have defined the final target after 48 months of the operation, based on an increase of 40%.
2. Reduction in the number of young people involved in violent incidents in vulnerable municipalities of the Santiago metropolitan region, owing to improvements in police capacity							
R.2.1 Percentage of school attendance during the school year in prioritized municipalities in the Santiago metropolitan region	Percentage of young people attending school during the school year	82.71%	2018	88.33%	2023	Lazos program (Office of the Deputy Minister for Crime Prevention) annual report	In Chile, an evaluation of multisystemic therapy (MST) found that taking part in MST increased the proportion of enrollments in the following year by 6.8 percentage points (Fundación Paz Ciudadana, 2018). The final target was calculated by adding the decrease of 6.8 percentage points to the baseline (82.71%) to yield a target of 88.33%.

Indicators	Unit of measure	Baseline	Baseline year	Final target	Final target year	Means of Verification	Comments
R.2.2 Rate of young people brought into police stations (as offenders, suspects, or victims) in prioritized municipalities in the Santiago metropolitan region	Rate per 100,000 population	543.2	2018	347.6	2023	Lazos program (Office of the Deputy Minister for Crime Prevention) annual report	Sawyer and Borduin (2011) also found that MST reduced the number of arrests for serious crimes by 36%. To calculate the final target, the baseline of 543.2 was reduced by 36% to yield 347.6.
3. Increase in the level of reporting of cyber incidents to the MISIP through improved monitoring capacity and CSIRT response							
R.3.1 Number of incidents reported to the CSIRT by external agents	Monthly average	52	2019	500	2023	Cybersecurity incidents reported to the CSIRT (monthly report)	The CSIRT currently receives an average of 52 external cyber incident reports per month. By contrast, Israel and Spain (2017 data) receive an approximate average of 518 and 686 monthly incident reports, respectively. The final target was calculated adding an average of 448 to the baseline of 52 reports.

OUTPUTS

Outputs	Unit of measure	2019 baseline	2020	2021	2022	2023	Final target	Means of Verification
Component 1: Modernization of Chile's police forces to prevent and investigate violent robberies in the Santiago metropolitan region								
Subcomponent 1.1: Strengthening of the Investigative Police (PDI)								
A.1 PDI administrative/financial management system and data management, information and business intelligence system designed, implemented, and in operation	Software (system)	0	0	0	0	2	2	Delivery unit/PDI reports
A.2 PDI internal audit and accountability model and internal affairs model updated, aligned with national regulations, and in operation	Software (model)	0	0	1	1	0	2	
A.3 PDI change-management strategy (communication, awareness-raising, and ownership of structural changes) designed and in operation	Document (strategy)	0	0	0	1	0	1	
A.4 Model police career with gender perspective and training and specialization model for the PDI designed, implemented, and in operation	Software (model)	0	0	0	0	2	2	
A.5 Strategy for investigation of robberies involving violence in the Santiago metropolitan region implemented and in operation (including software, hardware, and training)	Document (strategy)	0	0	1	0	0	1	

Outputs	Unit of measure	2019 baseline	2020	2021	2022	2023	Final target	Means of Verification
Subcomponent 1.2: Strengthening of the Carabineros de Chile								
B.1 Administrative, operational, and support management oversight system, audit and accountability system, and internal affairs system for the Carabineros designed, implemented, and in operation	Software (system)	0	0	1	1	1	3	Delivery unit/Carabineros reports
B.2 Monitoring and compliance system for the strategic objectives and plans of action designed, implemented, and in operation	Software (system)	0	0	0	1	0	1	
B.3 Strategy for integrating the various information systems used by the Carabineros' operational units (133 units) designed, implemented, and in operation	Document (strategy)	0	0	0	0	1	1	
B.4 Information system for personnel management, criminal analysis system, and training and specialization system for the Carabineros designed, implemented, and in operation	Software (system)	0	0	0	0	3	3	
B.5 Community policing strategy for the Carabineros modernized and in operation	Document (strategy)	0	0	0	1	0	1	
Delivery unit for the planning, monitoring, and accountability of the objectives and targets of the National Agreement for Public Security (ANSP) designed, implemented, and in operation	Document (mgmt. unit)	0	1	0	0	0	1	Executing unit progress reports
Component 2: Strengthening local preventive security								
2.1 Pilots of the Lazos crime prevention system and Barrios Prioritarios programs implemented and evaluated in the two selected municipalities	Pilot evaluated	0	0	0	1	1	2	Delivery unit/SSPD reports
2.2 Municipalities in the Santiago metropolitan region with the Lazos system implemented and in operation	Municipalities	0	6	6	5	5	22	
2.3 Impact assessment of the Lazos crime prevention system	Assessment	0	0	0	0	1	1	
2.4 Model of intervention of the Barrios Prioritarios crime prevention program and training of municipal authorities in crime prevention strengthened and in operation	Software (model)	0	1	0	1	0	2	
2.5 Comprehensive community violence prevention plans developed and implemented	Document (plans)	0	0	0	1	0	1	
2.6 Situational prevention programs implemented (interoperable CCTV system in the Santiago metropolitan region designed and implemented)	Software (system)	0	0	0	0	1	1	

Outputs	Unit of measure	2019 baseline	2020	2021	2022	2023	Final target	Means of Verification
Component 3: Strengthening MISP institutional capacity for managing cyber incidents								
3.1 MISP government steering system on cybersecurity issues designed	Software (system)	0	0	0	0	1	1	PCU institutional and operational plans
3.2 Integrated technology system in the MISP to monitor and respond to cyber threats designed, implemented, and in operation	Software (system)	0	0	0	1	0	1	Reports on delivery of system to PCU
3.3 Cybersecurity training and specialization plan for professional staff of the MISP, government agencies, and/or critical entities designed	Document (plan)	0	0	1	0	0	1	
3.4 Cybersecurity awareness-raising strategy for specific target audiences and the general public designed and in operation	Document (strategy)	0	0	1	0	0	1	
3.5 Technology system for ongoing staff training designed, implemented, and in operation	Software (system)	0	0	0	0	1	1	
3.6 Case study for the analysis of the implementation of the cybersecurity policy and establishment of baselines for the universe of incidents (detected and reported)	Document (study)	0	0	0	0	1	1	

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Chile

Project number: CH-L1142

Name: Program to Strengthen the Strategic Management of Public Security in Chile

Executing agency: Ministry of the Interior and Public Security (MISP) through the Office of the Deputy Minister of the Interior (SSI)

Prepared by: Analía La Rosa, Jorge Luis González, and Roberto Monteverde (FMP/CCH)

I. EXECUTIVE SUMMARY

- 1.1 An analysis was conducted to assess the capacity of the Office of the Deputy Minister of the Interior to execute and administer project resources as executing agency. It found that the executing agency had a satisfactory level of development and, consequently, a medium level of risk. A risk workshop was also held, following which the fiduciary risks were classified as medium- to high-level.
- 1.2 The assessment determined that the executing agency staff have a high degree of familiarity with and experience in the use of country systems, and are relatively experienced in the contracting of consulting services. The executing agency does not have financial management experience in executing IDB-financed projects.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The executing agency works within the Superintendency of Pension Fund Managers (SAFP), primarily using the government financial management system (SIGFE) for budgeting, accounting, and payments. The executing agency also has an internal audit unit, which is subject to oversight by the Office of the Comptroller General of the Republic (CGR). The Bank has determined that the country systems—i.e. budget, cash management, accounting, government internal audit board (CAIGG) and external audit (CGR)—have a high level of development.
- 2.2 The executing agency uses the *ChileCompra* system to manage procurement, which is considered to be robust, modern, and efficient. Chile's country procurement system was approved for use in Bank-financed operations in December 2011.

III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

- 3.1 **Procurement and financial fiduciary risks.** The fiduciary risks were identified in ICAS assessment of the executing agency's institutional capacity and in the risk workshop mentioned in paragraph 1.1. The main procurement risks, identified as

medium- to high-level, would arise from noncompliance with the procurement plan, and, consequently, with the annual work plan, given the large share of loan proceeds to be used by the subexecuting agencies in the selection and procurement of goods and consulting services. These agencies need to have staff with technical and fiduciary knowledge to draw up appropriate terms of reference and apply the relevant policies. The key financial risks are: (i) the executing agency's lack of experience and beneficiary entities' unfamiliarity with the Bank's financial policies, which was identified as a low-level risk; and (ii) the program's inherent difficulty in terms of the internal oversight that needs to be implemented, which the ICAS identified as a medium-level risk.

- 3.2 **Risk mitigation actions.** (i) comprehensive use of the country financial management and audit systems of the CGR; (ii) creation of a program coordination unit (PCU) in the Office of the Deputy Minister of the Interior as a condition precedent to disbursement, to include two fiduciary (procurement) specialists with knowledge and experience in government procurement and financial accounting management, and experience using the government financial management information system (SIGFE) and in preparing financial reports for internationally financed projects; (iii) appointment by each beneficiary entity of a project leader, who will be accountable to the PCU for the program's progress; (iv) signature of execution agreements with the technical subexecuting agencies that spell out specific responsibilities, according to the execution arrangements; (v) submittal for the Bank's no objection of the program Operations Manual; and (vi) internal audit follow-up on the recommendations of the CGR and the program's executing agencies. Lastly, a launch workshop will be held, followed by ongoing training of the executing agency and beneficiary entities.

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

- 4.1 As agreed upon with the executing agency, the following agreements and requirements will be considered in the Special Provisions:
- a. Any advance of funds may be granted by the Bank when the executing agency has documented at least 65% of the cumulative balance of advances of funds pending justification.
 - b. For the purposes of Article 4.10 of the General Conditions, the parties agree that the applicable exchange rate will be the rated indicated in subparagraph (b)(i) of the aforementioned article.
 - c. For purposes of determining the equivalency of expenditures incurred in local currency charged to the local contribution or of reimbursement of expenditures charged to the loan, the agreed exchange rate will be the rate in effect on the first business day of the month the payment is made.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

A. Procurement execution

- 5.1 **Procurement of works, goods, and nonconsulting services.** Contracts for goods and nonconsulting services under the program will be executed as indicated

in paragraph 5.5 and Table 1 hereof. Procurement in excess of the amounts listed in Table 1 will be financed exclusively with the local contribution if the executing agency chooses to apply national legislation.

- 5.2 **Selection and contracting of consultants.** Contracts for consulting services under the program will be executed as indicated in paragraph 5.5 and Table 1 hereof. Procurement in excess of the amounts listed in Table 1 will be financed exclusively with the local contribution if the executing agency chooses to apply national legislation.
- 5.3 **Selection of individual consultants.** These contracts will be executed as indicated in paragraph 5.5 hereof. The procedures set out in the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9) may also be used if the procurement is included in the respective procurement plan, approved by the PCU and the Bank.
- 5.4 **Training.** Training activities will be implemented through the contracting of consulting services or individual consultants, as indicated in paragraphs 5.2 and 5.3 above.
- 5.5 **Use of the country procurement system.** The advanced use of Chile's country procurement system, which has been approved by the Bank, will apply to: (i) goods and nonconsulting services, up to the national competitive bidding threshold; (ii) consulting services, up to the threshold for shortlists comprised of national firms; and (iii) individual consultants, not subject to any threshold. Above these thresholds, procurement financed in whole or in part by the Bank will follow the procedures set out in the Bank's procurement policies (documents GN-2350-9 and GN-2349-9) or be financed entirely from the local contribution if national legislation is to be used exclusively. Any system or subsystem subsequently approved will be applicable to the operation, with the prior agreement of the Borrower. The program's procurement plan and its updates will indicate the type of procurement operations that can be carried out using country systems.
- 5.6 **Advance procurement and retroactive financing.** The Bank may retroactively finance and/or recognize expenses incurred by the borrower prior to the loan approval date for goods and consulting services, up to US\$4 million (8.3%) charged against the program's loan proceeds, and up to US\$2.4 million (5%) charged against the local contribution, provided that procedures substantially similar to those set out in the loan contract have been followed. These expenditures will have been incurred on or after the project profile approval date (20 March 2019), but under no circumstances will they include expenditures incurred more than 18 months prior to the date the IDB approved the operation. Procurement processes currently under way associated with Components 1, 2, and 3 have been identified for retroactive financing.

Table 1. Threshold amounts for international competitive bidding (ICB) and international shortlists

Method	ICB for works	ICB for goods and nonconsulting services	International shortlist for consulting services
Threshold	US\$5,000,000	US\$350,000	US\$500,000

- 5.7 **Major procurement processes.** See [procurement plan](#).
- 5.8 **Procurement supervision.** Procurement will mainly be supervised ex post for procurement amounts below those indicated in Table 2. This review concerns aspects of the process and not the technical relevance of the expense, which will be reviewed ex ante by the sector specialist when so indicated in the procurement plan. Reviews will take a preventive approach and will be carried out halfway through each of the first two years of execution. These visits will be supplemented with the findings of the CGR audit report.

Table 2. Threshold for ex-post review

Works	Goods	Consulting services
US\$5,000,000	US\$350,000	US\$500,000

Note: The threshold amounts established for ex post review are based on the executing agency's fiduciary capacity for execution and can be modified by the Bank should that capacity change.

- 5.9 **Special provisions**
- a. A launch workshop will be held with the executing agency.
 - b. Training of subexecuting agencies on how to prepare their respective procurement plans.
- 5.10 **Records and files.** Documentation on procurement processes will be kept in the offices of the corresponding executing agency or subexecuting agency. For ex post review purposes, it is essential that records and files be properly organized, classified, and updated.

VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 6.1 **Programming and budget.** The MISP budget is part of the public sector budget defined by the Public Financial Administration Act (Legislative Decree 1263/75). The Ministry of Finance, acting through its Budget Division (DIPRES), is responsible for preparing the public sector's budget. The executing agency uses SIGFE for budget management and control. Given the interrelated nature of the budget systems, loan operations must be included in the public sector budget in order to be able to access funds (loan and local contribution), and for this reason use of the budget system is not expected to cause any problems that would impact program execution. Nevertheless, all loan operations must adhere to the expenditure framework of the public sector budget.
- 6.2 **Accounting and information systems.** Although the CGR is responsible for public sector accounting and defining standards and criteria, accounting is decentralized (institutions directly record transactions and the CGR consolidates the services). The program will have a chart of accounts based on the public sector chart of accounts established by the CGR in its Resolution 16 of 2015 where all activities financed with the loan or the local contribution are recorded in SIGFE under a special transactions unit for operations with international organizations.
- 6.3 **Disbursements and cash flow.** The loan proceeds will be deposited in a dollar-denominated account held by the National Office of the Treasury (TGR) at the

central bank. In turn, institutions receive these funds from the TGR via a treasury single account administered by Banco Estado, and allocated to the program for accounting purposes. Nevertheless, any other means of receiving funds approved by the borrower and with the agreement of the Bank will be applicable to the operation. Disbursements will be made as established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-6) and the disbursements guide.

- 6.4 **Internal control and internal audit.** The internal control system relies on the MISP's organizational plan, strategic plans, and procedures, approved by the CAIGG, administrative rules on ethics and probity, and Law 20,285 on transparency and access to public information. The internal audit unit reports directly to the Office of the Deputy Minister and is regulated by Exempt Resolution 8617 of 17 November 2008. The service has a risk matrix, which is used to plan oversight activities. The internal audit department will monitor the observations on internal control made by the program's external auditors, and will validate the responses to external auditors' observations.
- 6.5 **External control and reports.** The executing agency will use independent auditors acceptable to the Bank, including the CGR. During the loan disbursement period, the program's audited financial statements are to be submitted in accordance with the terms of reference agreed upon with the Bank 120 days following the end of the fiscal year. The last report will be delivered 120 days following the after the date stipulated for the last disbursement of the loan proceeds. The executing agency will prepare the program's financial statements jointly with the Financial Administration Division (DAF).
- 6.6 **Financial supervision plan.** Annual and final audited financial statements will be required, along with financial information in the semiannual technical reports. The external auditors will conduct the ex post review of disbursements. The internal audit unit will follow up on the observations of the external auditors, as well as the reviews that form part of its planning. The Bank will review the external auditors' reports and working papers whenever it sees fit, and will make financial accounting visits to the executing agency.
- 6.7 **Execution mechanism.** The borrower will be the Republic of Chile, acting through the executing agency. The executing agency will be the MISP, acting through the Office of the Deputy Minister for the Interior. The program technical subexecuting agencies will be: for Component 2, the Office of the Deputy Minister for Crime Prevention; and for Component 1, the Investigative Police and the Carabineros de Chile. These agencies will be responsible for planning, implementation, and reporting on the activities in the program components. The details of the program's execution are provided in the loan proposal and the program Operations Manual, along with the specific responsibilities of the technical subexecuting agencies.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Chile. Loan ___/OC-CH to the Republic of Chile. Program to Strengthen the Strategic Management of Public Security in Chile

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 to Strengthen the Strategic Management of Public Security in Chile. Such financing will be for an amount of up to US\$48,000,000 from 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 ___ _____ 2019)