Evidence-Based Governance in the Electronic Age

Case Study
Personnel and Payroll Records and Information Systems in Chile

A World Bank/International Records Management Trust Partnership Project
May 2002
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Background Information</td>
<td>4</td>
</tr>
<tr>
<td>Administration of the Civil Service</td>
<td>6</td>
</tr>
<tr>
<td>Personnel and Payroll Information Flows</td>
<td>7</td>
</tr>
<tr>
<td>Records and Information Management Systems</td>
<td>9</td>
</tr>
<tr>
<td>Computerisation of Personnel and Payroll Management Functions</td>
<td>13</td>
</tr>
<tr>
<td>Electronic Records Management</td>
<td>14</td>
</tr>
<tr>
<td>Records and Information Management: Key Issues</td>
<td>18</td>
</tr>
</tbody>
</table>

| Appendix A: List of People Consulted                          | 20   |
| Appendix B: Location of the National Archives in the Civil Service Structure | 22   |
| Appendix C: Photographs                                       | 23   |
| Appendix D: Government of Chile, Directive on Electronic Governance, May 2001 | 24   |
| Appendix E: Government of Chile, Electronic Signatures Act, April 2002 | 30   |
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANEF</td>
<td>Associación National de Empleadas Fiscales</td>
</tr>
<tr>
<td>DIBAM</td>
<td>Direccion de Bibliotecas, Archivos y Museos</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>INP</td>
<td>Instituto Normal Provisional</td>
</tr>
<tr>
<td>NAN</td>
<td>National Archival Network</td>
</tr>
<tr>
<td>SIGFE</td>
<td>Sistema Integrado de Gestión Financiera del Estado</td>
</tr>
</tbody>
</table>
INTRODUCTION

1 Evidence-Based Governance in the Electronic Age is a three-year project delivered in partnership between the World Bank and the International Records Management Trust. It involves coordinating a global network of institutions and organisations to facilitate the modernisation of information and records systems.

2 Records, and the information they contain, are a valuable asset that must be managed and protected. Records provide the essential evidence that a particular action or transaction took place or that a particular decision was made. Records support all business functions and are critical to the assessing of policies and programmes, and to analysing individual and organisational performance. Without reliable records, government cannot administer justice and cannot manage the state’s resources, its revenue or its civil service. It cannot deliver services such as education and health care. Without accurate and reliable records, and effective systems to manage them, governments cannot be held accountable for their decisions and actions, and the rights and obligations of citizens and corporate bodies cannot be upheld.

3 New technologies provide great potential to improve services and efficiency, but the evidence base upon which governments depend must continue to be protected and preserved. For initiatives such as e-government and e-commerce to be successful, governments must have access to information that possesses certain crucial characteristics: the information must be available, accurate, relevant, complete, authoritative, authentic and secure.

4 The aim of the Evidence-Based Governance project is to make records management a cornerstone of the global development agenda. The challenge is to rebuild and modernise information and records management systems in parallel with complementary measures to improve the broader environment for public sector management. The project represents a major opportunity to integrate records management into global strategies for good governance, economic development and poverty reduction.

5 During the first phase of the project, studies were carried out within the World Bank and in a range of countries to explore the requirements for managing personnel, financial and judicial records in a hybrid, electronic/paper environment. This report is one of thirteen case studies that illustrate the issues involved. The studies have been supplemented by findings derived by a global discussion forum involving senior officials and records and archives professionals. The knowledge gathered through these means is providing the basis for the development of assessment tools to measure the quality of records and information systems in relation to clearly defined functional requirements and benchmarks. The project will develop tools for use in the three areas of study: personnel, financial and judicial records systems. Ultimately, the information gathered will also help to define the requirements for global capacity building for managing electronic records.

6 The case studies have been chosen to represent differences in geographic regions, administrative structures and resource environments. In the personnel and payroll management area, case studies were undertaken in India (in the state of Uttar Pradesh), Burkina Faso, Tanzania and Chile.
Terms of Reference and Methodology

This report covers a visit to Chile by Victoria Lemieux from 26 to 31 May, 2002, to examine the improvements underway in the records and information systems in the personnel and payroll management area and to test a prototype of the assessment tool.

The report is based on observations made and interviews conducted during the visit, as well as on a review of relevant laws and reports relating to public sector reform initiatives and to records and information system reforms.

The case study represents a snapshot in time. The observations it contains were current as of May 2002. Since then, new developments and improvements have taken place on a regular basis and therefore the case study does not represent the situation at present. It is hoped that the findings in this report will highlight issues that will continue to arise in many other situations.

Acknowledgements

Grateful thanks are extended to Mr Roberto Cerri, Project Co-ordinator, SIGFE Project, Ministry of Finance and Mrs M Eugenia Barientos, Director of the National Archives, for facilitating this visit. Appreciation also is expressed to Mr Antonio Alubar, Finance Consultant, SIGFE Project, who provided assistance with translation. Finally, sincere thanks are expressed to all the officials who kindly made themselves available and provided much valuable information during the visit. A full list of people consulted is at Appendix A.

EXECUTIVE SUMMARY

Chile, which is bordered by Peru and Argentina, has a constitutional government under a President who serves a six-year term with a cabinet of 20 ministers. The Executive branch of the government has special powers which include the elaboration, ratification and proclamation of laws. The legislative branch of government consists of a bicameral National Congress. In addition to the central government there are 13 administrative regions, each headed by an intendent. Local government levels are headed by gobernadors in the provinces and by alcaldes or mayors in the municipalities. The lowest subdivision of government is the commune (comuna).

Chile successfully completed a first generation of political economy reforms in the 1980s and 1990s in which several administrations pursued such objectives as privitisation, deregulation, trade liberalism and tighter fiscal and monetary policies. Further efficiencies in the face of competitive pressures and to reduce susceptibility to external economic shocks has prompted Chile to enter into an agreement with the World Bank to fund a project to address critical components of civil service reform. The first component of the project supports a comprehensive effort to modernise the Government’s financial management systems. Other modules in the planned integrated system include treasury and financial planning. The remaining components will address budget reform, upgrading of the human resource
management system and strengthening financial and human resource management in line agencies. (paras 32 to 35)

Under the legislative framework for the Civil Service, the public service consists of all employees, including contract workers. Unlike many other Latin American countries, Chile does not have one ministry with central control over personnel management. Instead, personnel management is decentralised and is the responsibility of the personnel divisions within each government ministry or agency. Public servants are not employed by the state but are contract employees to specific ministries, which hampers vertical and horizontal job mobility. (paras 36 to 41)

The Ministry of Finance, Budget Directorate, is responsible for all negotiations concerning remuneration and for the production of all new laws (such as annual budget laws). Each government service has an established number of positions defined by law. This planta system is reviewed periodically. Temporary contract positions are often created if there are no open positions in the planta. Steps are then taken to identify funds for new posts. The total number of contract persons allowable for each ministry are defined in the annual budget law. (paras 42 to 44)

At present, the effectiveness of the Budget Directorate is undermined by the absence of reliable statistical information relating to the number of civil servants and annual trends in employment. In addition, the Office of the Comptroller General has difficulty ensuring that departments manage their contract employees effectively and do not overspend their budgets because of the lack of an integrated personnel and financial management information system. (para 45)

To address these weaknesses, the Government is working toward introducing of an integrated personnel and financial management system, Sistema Integrado de Gestión Financiera del Estado (SIGFE). This system will contain data relating to all civil servants and the exact number of contracts and other relevant personnel data needed for more effective management of the Civil Service. (paras 46 to 51)

Initially the SIGFE system will not replace the over 400 different payroll systems in ministries and agencies, although it will be used for payroll production in a small number of pilot ministries. There is a need to streamline payroll production and to introduce a more uniform system of payroll production. The Government is working toward this as a long-term goal. It is anticipated, however, that there will be resistance from ministries and opposition political parties. (paras 51 to 53)

The personnel divisions of ministries and agencies maintain original personnel contracts and other important documents providing evidence of civil servants’ careers. The Office of the Comptroller General maintains only copies. (paras 55 to 58)

Under current archival law, all original personnel documentation (such as contracts and resolutions) should be transferred to the National Archives once it has reached five years of age. In reality, departments transfer such documentation only sporadically. To ensure that documentation is preserved effectively, the Archives is building relationships with the personnel divisions of ministries as part of its efforts to establish a national archival network. In addition, the Archives needs an updated legislative and regulatory framework so that it can provide greater direction to
ministries as to which records must be preserved and which records can be destroyed. (paras 59 to 74)

23 The level of computerisation within the personnel divisions of the ministries varies. The personnel division of the Treasury has a well developed personnel information management system. The Office of the Comptroller General has a 20-year old system which it hopes to replace with the new personnel management module of the SIGFE system. SIGFE will support multiple database management from different vendors so that no one centralised system is necessary. For example, payroll production will remain in the hands of the ministries. (paras 75 to 84)

24 Electronic government is a key focus in the modernising the state. Chile has been a pioneer in this area, in part because of its reforms in the telecommunications sector and improved competitiveness in the local IT industry. Concrete steps have been taken toward this goal with passage of the electronic signature law earlier this year and continued introduction of ICT within government. These steps have encouraged government departments to move rapidly in the direction of creating and keeping records in electronic form. (paras 85 to 93)

25 The plans to create and keep records in electronic form may lead to problems, however, if immediate steps are not taken to establish a government-wide electronic records management and preservation plan. Without such a plan it will be difficult to ensure the integrity and long-term accessibility of government records in electronic form. (paras 92 to 95)

26 Though the National Archives has not been viewed as a lead agency in the drive toward electronic governance, it could be established as a pivotal agency for the development and implementation of electronic records management and preservation policy. The Archives’ existing legislative mandate is to preserve government records. If it is to fulfil this policy-making role effectively, however, its legislative mandate and capacity to manage and preserve electronic records must be strengthened. (paras 96 to 99)

BACKGROUND INFORMATION

27 Chile, located in South America south of Peru and west of Argentina, has a surface area of 757 thousand square kilometres. Its population is approximately 15.2 million people with a growth rate of 1.3 percent per annum. The country’s ethnic composition is 95% European or European-Indian; 3% Indian, and 2% other ethnic groups. Twenty-one percent of the population is below the national poverty line, with gross national income per capita resting at US $4,950 and gross domestic product at US $70.5 billion. The official language is Spanish.

Government Institutions and Administration

28 Chile is governed under the constitution of 1981 as amended in 1989. It is a multiparty democracy with a directly elected President, serving a six-year term, who oversees a cabinet of 20 ministers. The administrative head of each ministry is the
Under Secretary. The ministries are comprised of the Ministry of Foreign Affairs, the Ministry of Public Works, Ministry of the Secretary General of the Republic, the Ministry of Finance, the Ministry of the Interior, Ministry of Economy, the Ministry of Health, the Ministry of Transport and Telecommunications, the Ministry of Justice and the Ministry of Education.

The Executive branch of government has special powers including the elaboration, ratification and proclamation of laws; the ability to call plebiscites; the submission of constitutional amendments; the appointment of cabinet members, ambassadors and regional authorities (no Senate approval is required); the appointment of the Comptroller General of the Republic, with the consent of the Senate; the appointment of the Supreme and Appellate court judges; the appointment and removal of the Commanders in Chiefs of the Armed Forces and an oversight role in the nomination, promotion and retirement of military officers. In addition, the President conducts international relations and assumes the position of Commander in Chief of the Armed Forces during a war.

The legislative branch of government consists of the bicameral National Congress, with a 48-seat senate of elected and appointed members and a 120-seat elected chamber of deputies.

In addition to the central government, there are 13 administrative regions (12 numbered regions and Santiago Metropolitan region). Each numbered region is headed by an intendant (intendente). The regions subdivided into total of 51 provinces (provincias), each headed by a governor (governador) and 300 municipalities (municipalidades), each headed by a mayor (alcalde). Mayors are appointed by municipal council in towns with fewer than 10,000 inhabitants and by the president of the republic in towns with more than 10,000 inhabitants. The lowest subdivision of government is the commune (comuna). Santiago and other cities are headed by a mayor. This report focuses on personnel and payroll management only within the central government.

Public Sector Reform Initiatives

Chile successfully completed a first generation of political economy reforms in the 1980s and 1990s. Several administrations pursued such objectives as privatisation, deregulation, trade liberalisation and tighter fiscal and monetary policies. During these reforms, fiscal management was improved through tight controls on spending and reforms in revenue policy and administration. As a result, Chile has had budget surpluses in nine of the last ten years. Public employment has been kept proportionately low. In addition, the Government has managed to achieve significant innovations in the areas of health and education service delivery, pensions and social security, and electronic government.

Despite these successes, the Government still needs to reform public sector expenditure management in order to introduce further efficiencies in the face of competitive pressures and to reduce susceptibility to external economic shocks.

Situation current as of May 2002
To this end, Chile has entered into an agreement with the World Bank to fund a project to address critical components of civil service reform:

- to implement an integrated financial management system
- to put in place budget reforms
- to upgrade the human resource information management systems
- to utilise a civil service management information system
- to enhance the capacity of line agencies
- to strengthen the management of financial and human resources.

The first component this project supports a comprehensive effort to modernise the Government’s financial management systems. Work has begun on designing, testing and installing a modern integrated financial management system (known as SIGFE) through consulting services, institutional capacity building of financial management units, staff training and information technology investments. The project timetable provides for budgeting and accounting modules to be deployed in five institutions in early 2002. The other main modules, including treasury and financial planning, are to be developed through mid-2002. The complete system is to be available in early 2003. After testing the first version in the five pilot institutions, it is planned that the system will be expanded to twenty more institutions during 2003 and to the rest of the public sector during 2004/2005.

The second component addresses budget reform to create a medium-term expenditure framework. The third component aims to upgrade the human resource management information system. The fourth component will focus on strengthening financial and human resource management units in line agencies.

ADMINISTRATION OF THE CIVIL SERVICE

The legislative framework for the Civil Service is set out in the Constitution, adopted in 1981 and amended in 1989. A basic law (Ley Organica Constitucional de Bases Generales de la Administracion del Estado No. 18.575; see also Law No 18.834,) sets out the legal framework for the central civil service, and a number of different laws and decrees relate to specific services.

Under this legislative framework, the public service consists of all employees, including contract workers, of ministries and government agencies (both centralised and decentralised). The status of employees of state-owned enterprises however, is unclear: at times they are treated legally as civil servants and at other times they are not.

Unlike in many Latin American countries, public servants in Chile are not employed by the state but operate under contracts with specific ministries to perform specific jobs. Thus, transfers between jobs, even within the same ministry, require a new
contract. A project forming part of the government modernisation program will provide for greater upward and horizontal mobility of public servants.

40 At present stakeholders in the personnel and payroll process are as follows:

- Comptroller General’s Office – Personnel Contracts and Registry Division (*Toma de Razón y Registro*)
- Ministry of Finance – Budget Directorate
- employing ministries
- *Asociación National de Empleadas Fiscales* (ANEF), the employees union
- *Instituto Normal Provisional* (INP), which is the administrator for pensions.

41 No ministry has centralised control over personnel management.

42 Instead, personnel management is decentralised and is the responsibility of the personnel divisions within each government ministry or agency. Within the Office of the Comptroller General, however, there is a division (*Toma de Razón y Registro*) that is responsible for ensuring that:

- employment contracts are complete, legally compliant and duly executed
- the potential employee meets the requirements of the law and the job
- money for the recruitment has been budgeted
- periodic audits are conducted of ministerial personnel divisions, primarily to ensure that ministries do not overspend their personnel budgets.

43 The Ministry of Finance, Budget Directorate, is responsible for negotiations concerning remuneration and for preparing annual budget laws.

**PERSONNEL AND PAYROLL INFORMATION FLOWS**

44 Mapping personnel and payroll information flow provides a view of how the ministries, departments and sections charged with various responsibilities for personnel and payroll management interact in processing various personnel-related transactions. The process of mapping information also allows observers to examine how information is created, used, transmitted and stored at each step in the process.

45 Each government service has an established number of positions defined by law. This system is referred to as the *planta*. The *planta* is not reviewed annually but is changed only periodically, which makes it somewhat inflexible. In order to recruit a new person, ministry officials must check for open space on the *planta*; for example, if they want to recruit a professional, they must identify an open position on the *planta* at that level. If there is no open position on the *planta*, ministries may resort
to creating a temporary contract position. Once an open space on the planta has been identified or a decision has been taken to create a temporary contract position, the ministry must identify funds for the post, a step normally taken during the annual budgeting process. The total number of contract persons permitted for each ministry will be defined in the annual budget law.

46 The Ministry of Finance, Budget Directorate, handles the preparation of budget laws and all matters with respect to remuneration of civil servants. In order to perform this function, the Budget Directorate requires statistical information relating to numbers of civil servants, annual trends in employment within the civil service, and so on. At present, the absence of reliable statistical information is a major weakness in the system. It is even difficult to determine the precise number of civil servants; as of this study the figures were approximate to the level of thousands.

47 With the introduction of the SIGFE system, the Government hopes to eliminate these statistical problems, as SIGFE will provide information about the exact number of contracts and other important data about civil servants. The data in SIGFE should be reliable as information as it will be captured by the personnel divisions in the ministries. It will be also accessible at the same time by the Budget Directorate and the Office of the Comptroller General. This will eliminate the government’s reliance on post hoc statistical summaries prepared by the ministries. The Government is confident that it will be able to encourage ministries to enter data in SIGFE by making data entry a condition of contract approval.

48 Another difficulty related to the control of civil servants involves the recruitment process itself. Once funding for a post has been approved, recruitment can take place, but currently there are no general examinations for entry or advancement within the Civil Service. Each ministry, through its personnel division, advertises positions and recruits from the field of applicants for the post. Once a candidate has been selected, the personnel division will prepare the employment contract. The minister or a director may sign the contract, depending on the level to which signing authority has been delegated.

49 Once signed on behalf of the ministry, the contract is forwarded to the Office of the Comptroller General for approval. This office reviews the contract to ensure that it is complete and compliant with the necessary law, such as the planta or the budget law. The Office of the Comptroller General also checks that the person hired meets the requirements of the job and of the law to reduce the likelihood of patronage appointments.

50 The Office of the Comptroller General also checks to ensure that funds have been budgeted to cover the cost of the post. This check is facilitated by including the budget code from which the funds will be drawn in the contract document of the budget code from which funds for the post will be drawn. However, the Office cannot check whether the funds are actually available in a ministerial account. It can only audit after the fact to determine whether ministries have overspent their budgets for personnel.
This weakness in the system is a result of the decentralised nature of financial accounting along with the absence of an integrated financial management information system. The SIGFE system will address this problem by providing the Office with real-time budget and accounting information for each ministry. It then will be able to ensure not only that funds have been budgeted but also that the money is actually available. This will greatly enhance the Government’s ability to monitor and control its wage bill.

The new SIGFE system will also permit better monitoring of contract workers. Current law stipulates that ministries must renew a contract at least 30 days before its expiry. The Office of the Comptroller General does its best to monitor contract renewal but finds it difficult to keep track of contracts because of weak information systems. As a result, the budgeted number of contracts can be exceeded because new contracts are approved before old contracts, which must be renewed, are approved. SIGFE will prevent this by generating exception reports to flag contracts requiring renewal.

Once employment contracts have been approved by the Office of the Comptroller General, the signed original is returned to the ministry’s personnel department.

Each government service prepares its own payroll. At present there are 400 different government services, each with its own payroll system. Auditing ministry payrolls is a responsibility of the Toma de Razón y Registro in the Office of the Comptroller General, which checks to ensure that pay and benefits have been calculated properly. However, without a uniform system of pay and benefits and with up to 20 different methods of calculation, the process of auditing ministerial payrolls is extremely complex and, therefore, susceptible to fraud. There is a clear need to rationalise its payroll production processes.

RECORDS AND INFORMATION MANAGEMENT SYSTEMS

This section examines systems for managing of paper-based personnel records and information. Computerised records and information systems are discussed in paragraphs 86 to 103.

Personnel Records in Employing Ministries

Each ministry has its own ministerial administrative archives, which is the responsibility of the ministry’s under secretary. However, in the ministries visited personnel files were not kept in the ministry administrative archives but in the personnel divisions. The personnel divisions hold all original personnel-related documentation, the Office of the Comptroller General and the Ministry of Finance each maintain copies.

1The term ‘personnel file’ is used in this report, in preference to ‘personal file’, as the record of an individual employee’s service history.
As an illustration, the Personnel Division of the Treasury is divided into four sections: personnel, training, benefits, and workers’ health and compensation. Each section keeps its own files on individual employees. The main personnel files are arranged by employee name, even though each employee has a unique identifier based on his or her national identification number. Current files are stored in hanging pockets in drawer cabinets (see Appendix C). Files for retired employees are kept in document cases and organised by year and, thereafter, alphabetically by employee name.

Personnel files contain such documents as a file transmission record card, the employee’s application form, curriculum vitae, supporting documentation relating to the employee’s credentials and original signed copies of resolutions concerning the individual’s public service career.

Personnel Records in the Office of the Comptroller General

Copies of employment contracts, resolutions and, in some cases, supporting documents (such as precedents and queries) are kept in the basement of the Office of the Comptroller General. Time constraints prevented an inspection of this storage area. Officials advised, however, that the resolutions are maintained in bound volumes arranged by year and ministry. Since 1983, the Office of the Comptroller General has maintained a computerised index to contracts and resolutions, which helps in locating documents stored in the basement.

The National Archives

The first initiative to establish a National Archives was a government proposal to create an Office of Statistics and National Archives under the Ministry of the Interior, submitted to the Congress in 1844. With the reorganisation of the ministries in 1887, a law was passed to create the Archivo General de Gobierno, under the Ministry of Justice. This was followed, in 1925, with the creation of the Archivo Histórico Nacional. Following this, a decree of 1927 established the Archivos Histórico y General de Gobierno, which became known as the National Archives.

In 1929, the Directorate of Libraries, Archives, and Museums (Direccion de Bibliotecas, Archivos y Museos or DIBAM) was established as an independent legal entity. The administration of the National Archives now falls under this organisation, which itself is part of the Ministry of Education. Recently the Government has drafted new legislation to establish a Ministry of Culture, under which the Directorate may eventually be placed.

In 1994 the National Archives underwent a restructuring into the following departments:

- **Archivo Nacional Histórico** – responsible for acquiring, selecting, arranging, describing, preserving and providing access to historical documents from the 15th to the 19th centuries

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2 ‘Resolutions’ document administrative decisions about, for example, appointments and terms and conditions.
• *Archivo Nacional Administrativo* – responsible for receiving, controlling, and making accessible administrative and legal documentation, such as ministerios, conservadores and notarios

• *Servicio Nacional de Conservación y Restauración* – responsible for the conserving and restoring of archival documents.

63 A regional archives, the *Archivo Regional de la Araucania*, was established in 1997 in the context of efforts to decentralise the Government. The Archives’ location within the Civil Service structure is shown in Appendix B.

64 A total of 54 staff currently work in these archival departments and repositories, many of whom do not have professional training. Archival education remains limited in Chile: as yet there is no university-level programme specifically for archivists, although the University of Diego Portales offers a history degree with a specialty in archives administration. Most National Archives staff study in either Spain or France or undertake three-month attachments in Argentina or Peru.

65 The powers and responsibilities of the National Archives are set out in a Presidential Decree (No 5200) of 1927 which stipulates that ministries must send all documents older than five years of age to the National Archives. In practice, decree has never been fully implemented and ministries transfer only records sporadically. In terms of personnel records, the Archives has received resolutions but seldom receives supporting documents such as correspondence.

66 The poor record of transfers from ministries results in part from the fact that, over time, the National Archives has come to be viewed as an agency primarily concerned with history, and its influence over the administrative archives in the ministries has diminished. The situation is complicated further by the fact that most of the archives staff tend to be lower-level officers without professional training, while those at higher levels are political appointees. Staff in ministerial archives change continually, which makes it difficult for the National Archives to achieve lasting results with any of its training initiatives. Nevertheless, since 1994 the National Archives has been working with a number of ministries – including Education, Foreign Affairs, Public Property, the Interior and Defence – to achieve greater uniformity in the management of records.

67 To establish its record keeping role within the administration, the National Archives has created a new administrative unit responsible for a National Archival Network (NAN), which is intended to be both a technological and an administrative network.

68 The purpose of the NAN is twofold. Firstly, it aims to provide the basis for developing new systems and procedures to ensure the preservation of archival documents. This new system should help to ensure that documents are transferred to the National Archives more regularly, or, because space is an issue for the Archives, it may lead to the establishment of standards to ensure that documents are properly maintained within the ministerial archives. Secondly, NAN aims to ensure accessibility to information about archival documents by putting in place a distributed information network linking the National Archives and all ministerial archives.

*Situation current as of May 2002*
The National Archives is in the process of developing a plan for the NAN, which must be approved by the General Council of Dirección de Bibliotecas Archivos y Museos (DIBAM). The approach will be to gather first to make available information about archival documents held at DIBAM and then turn its attention to the archival documents held by the ministerial archives. The Archives recognises the need to win the support of the under secretary of each ministry, as the ministerial archives fall under their jurisdiction.

Working with this network of ministerial archives and with other units in DIBAM, the Archives plans to establish standards for preserving, classifying and describing of archival documents.

Since personnel records are not kept in the ministerial administrative archives but rather in the personnel division of each ministry, it will be important for the National Archives to develop a relationship with the heads of the various ministerial personnel divisions and to draw them into the NAN.

The National Archives staff recognise that NAN will require a new legislative framework to give it legal authority. The Director of the Archives acknowledges that the Archives Law is amongst the oldest in Latin America needs review.

The Archives also recognises a need to develop new regulations to give more specific direction to ministries about the classes of documents that must be preserved. Under the present system, neither the transfer nor the destruction of documents take place systematically. While the current law specifies that every document older that five years must be deposited in the National Archives, the Archives realises that this schedule is unrealistic. The Archives does not have the capacity to receive the volume of documents that would be expected if all ministries were to begin transferring documents regularly.

There are no criteria to guide ministries on what to preserve, and records are not destroyed systematically because a presidential decree is required before destruction can take place. In the past, two interdisciplinary commissions have been set up to decide on destruction but, as no consensus was reached, no official destruction has ever been carried out. Unofficial destruction of records is not unknown as a means of circumventing this difficult process.

Until a new legislative and regulatory framework is in place, it will be difficult to ensure that valuable records are protected and valueless records are destroyed. Unfortunately, the legislative agenda for Congress is very full at present, and passage of new archival legislation is unlikely to go forward in the near future.
COMPUTERISATION OF PERSONNEL AND PAYROLL MANAGEMENT FUNCTIONS

Computerisation in Employing Ministries

76 The level of computerisation within the personnel divisions of ministries varies. Some personnel divisions still operate manual systems, while others have well-developed computerised personnel management information systems.

77 The personnel division of the Treasury, for example, does have a well-developed computerised personnel management information system. The ‘sistema Inter@cción’ contains data concerning all employees of the department. The national identification number of each employee is used as the unique system record number. The department uses this system to provide management information for the purposes of personnel planning and also to generate resolutions concerning the career of each civil servant. At present, these resolutions are printed and kept in the files held by the personnel division, but the division plans to create and store these records only in electronic form in the near future.

78 The inconsistency between government ministries has meant that central agencies with oversight responsibility for personnel management, such as the Office of the Comptroller General and the Budget Directorate, do not have complete information.

Computerisation in the Office of the Comptroller General

79 Within the Office of the Comptroller General, a 20-year-old system (IBM 390 utilising the DB2 application) is used to register all contracts with civil servants. Time constraints during the visit precluded a detailed review of this system, which is to be replaced with the new SIGFE system (Sistema Integrado de Gestión Financiera del Estado.)

80 The Office has worked with the Budget Directorate to develop an initial design for a new human resources system. This design resulted in a web-based prototype, which has allowed users to verify the functionality expected from the final system.

81 The Office of the Comptroller General and the Budget Directorate are currently working on defining the final system requirements for the personnel management module of the SIGFE system. The head of the personnel division in the Office of the Comptroller General has been invited to participate in the process and the project team has visited other heads of personnel divisions. This phase of the project is intended to cover:

- design and installation of an electronic human resource management and control information system covering personnel registries and personal histories for all public employees
- installation of the information system in central and line agencies

Situation current as of May 2002
• transfer of the human resource information held in the Office of the Comptroller General to the SIGFE system.

82 Once the system requirements have been defined, there will be a public bid process for its development and installation. The GoC hopes to have the personnel module of SIGFE working by July 2003.

83 Since many ministries already have their own personnel management databases, and some ministries may be reluctant to move toward a centralised database system, the applications developed as part of SIGFE will support multiple database management systems from different vendors. Further a ‘virtual’ central database system will be created using standards-based exchange of information protocol, such as Extensible Mark-up Language (XML). The system will be adapted to individual agency needs but will have the ability to produce consistent information.

84 There is no plan to include a centralised payroll production as part of the SIGFE project at this stage although this is a long-term aim. Payroll production will remain in the hands of the ministries and that task of implementing a new system that will incorporate over 400 payroll systems throughout will not be simple. The project team anticipates that there may be some resistance within ministries, as an earlier failed attempt to centralise the payroll resulted in ineffective payroll operations for two years.

85 The project team also acknowledges that ministries fear the loss of control and that there is political opposition to more centralised state power. Nevertheless, it is clear that some rationalisation of the payroll production system is required. The SIGFE project team hopes to overcome these and other challenges by initially constructing a payroll system for a small pilot group and then rolling out the new system gradually to other services over the next five years. Some rationalisation of the many methods of calculating pay and benefits will also have to accompany efforts to introduce a more centralised system.

ELECTRONIC RECORDS MANAGEMENT

86 One of the key focus areas for modernisation of the state is electronic governance. Within Latin America, Chile has been a pioneer in this area in part as a result of reforms in the telecommunications sector and improved competitiveness in the local IT industry. The plans for the management of personnel information through the payroll module of SIGFE as an aspect of electronic governance will still need to take account of electronic records issues as part of the sector reforms.

87 The Government is committed to using information and communication technologies (ICT) to improve the governance process as set out in a May 2001 directive on electronic governance (see Appendix D). There are three broad difficulties:

• Improved services to citizens. The goals include progressive introduction of ICT to delivery services to citizens; promotion of access to services and government information to citizens through the use of ICT; use of ICT to
deliver services in a manner that better serves citizen needs; and provision of services and information in a manner that assures privacy and security.

- **Improved management of internal processes between government services.** The goals include improvement of the operational efficiency of government services through the use of ICT; institution of programmes to teach civil servants about and train them in the use of ICT; progressive connection of all government departments and agencies through the state Intranet managed by the Ministry of the Interior; establishment of indicators to measure the government’s effectiveness in realising electronic governance objectives; and progressive integration of various systems on diverse platforms.

- **Improved participation of citizens in democratic processes.** The goals include the promotion a more transparent government through the use of ICT and using the Internet and the Web to deliver information to citizens.

There have already been several concrete steps toward these objectives. Since 1999, the Ministry of the Interior has been working on the development of a state-wide Intranet to link all government departments. The Government has also established a public/private partnership to support this objective. The network itself is leased from and maintained by the private sector. The Ministry of the Interior sets policy on network structure, monitors network operation and use, and provides security. Monitoring and security functions take place at the Ministry of the Interior’s data centre, which has been in operation for the past 18 months (see photographs at Appendix C).

The Government is using state-of-the-art off-the-shelf network technology at the data centre. This includes Cisco Computer Associates network applications, for which the Government’s data centre has become a beta test site. The network conforms to level four ISO networking standards. To reduce the risk of data loss, the Government is using distributed data warehousing technology, and backup data centres have been established at two different sites. At the time of writing, 63 operational units were connected through the government Intranet.

Another initiative to move the electronic governance agenda forward has been the passage of a new law concerning electronic documents and the certification of electronic signatures. It is important to note that the National Archives was not consulted on the development of this legislation. (A full text of this legislation, the Electronic Signatures Act, is at Appendix E).

The Electronic Signatures Act establishes that documents and contracts bearing a digital signature will have the same validity as those bearing a physical signature, with certain exceptions, such as where it is explicitly required by law to bear a physical signature as in contractual documents and records concerning the rights of the family. The act also gives all agencies of the state the authority to execute official documents and contracts using electronic signatures.

The government plans to use a public/private key infrastructure to guarantee the validity of electronic signatures. To that end, the new legislation authorises the establishment of registrars of electronic signatures and outlines their duties and

Situation current as of May 2002
powers. One of the duties of these registrars will be to maintain a register of public/private keys and of all documents executed using an electronic signature.

93 The Information Division of the Ministry of the Interior will be one of the registrars of electronic signatures. The act stipulates that all certifications of electronic signatures must contain a unique certification code, data identifying the registrar, data identifying the signatory and evidence of the place of execution. Under the new law there also will be a new government authority to accredit all registrars of electronic signatures and oversee their operations. The act also specifies the rights and responsibilities of users of electronic signatures. The Government is in the process of articulating regulations under the act.

94 Although the new Electronic Signatures Act serves to advance the government’s plans to move toward electronic governance, other aspects of the country’s legal framework remain to be addressed. There is currently a major gap in legislation and jurisprudence concerning the probative value or legal admissibility of electronic documents. Electronic records, with the exception of customs records, still have no probative value. This gap needs to be filled if the government is to achieve its objectives with respect to electronic governance.

95 Equally pressing is the need for an electronic records management and preservation plan. Currently, there is no such plan. Yet with the drive toward electronic governance, and the resulting increased use of ICT, more government business is handled electronically every day. For example, the under secretary for the Ministry of the Interior now physically signs all immigration papers but, with passage of the Electronic Signatures Act, plans are underway to use electronic signatures instead. Similarly, the Treasury’s personnel division has indicated that, within the next six months, it hopes to begin producing and executing all contracts and resolutions using its computerised personnel management system and to eliminate the paper record.

96 Although the government wishes to move toward a paperless work environment, it has not yet resolved the issue of how electronic records will be managed and preserved over time. This absence of planning could lead to future administrative chaos, as many documents that will be required for lengthy periods may not be accessible or reliable due to technological limitations. For example, unless electronic resolutions are managed and preserved effectively there will be no way to verify the career of civil servants, which could create severe problems both for the government and for employees as they reach retirement age. Likewise, contractual relations may deteriorate into disorder if electronic versions of employment contracts cannot be retrieved or verified.

97 The rapidity with which the GoC is moving toward electronic government and the gravity of the consequences of failing to manage electronic documents means there is an urgent need for to develop and implement a government-wide electronic records management and preservation plan.

98 Despite the fact that the National Archives has the legal mandate to oversee the operation of all government archives, including electronic records, the National Archives is not viewed by government as having a significant role in electronic governance plans. Nevertheless, just as there is a pressing need for the government
to develop an electronic records management and preservation plan, there is a need to designate an agency with responsibility for driving the development of the plan and coordinating and monitoring its implementation. The National Archives could fulfil this role and, indeed, is willing to do so.

99 This is not to suggest that the National Archives should undertake these tasks on its own; other agencies will also be critical to the process of developing and implementing an electronic records management and preservation plan. These agencies, such as the Information Division of the Ministry of the Interior, seem willing to work with the National Archives to address the need for an electronic records management and preservation plan.

100 Even though the National Archives is a logical agency to drive an electronic records management and preservation plan, it will not succeed unless its legislative mandate is strengthened to give it explicit authority in this area and to increase its capacity for handling electronic records. The Archives’ existing staff will need to develop greater expertise in electronic records issues, which will require special training. There may even be a need to recruit additional staff to focus on the development and implementation of the electronic records management and preservation plan both in the National Archives and in the ministries.

101 Additionally, the National Archives presently has no capacity to keep electronic records and cannot currently afford the infrastructure required to do so. Steps must be taken either to provide the National Archives with the infrastructure needed to preserve electronic archives in-house or to develop standards for the preservation of electronic archives within ministerial archives or through private sector companies.

102 Although it has not been viewed as a lead agency, the National Archives has not been left behind in the move toward electronic governance. It has initiated a project to digitise selected archival documents. The project, which began in 2001 and is expected to take five years to complete, aims to establish an automated system at the National Archives for the management of archival documents related to land titles (50,000), court proceedings (120,000), and historical documents concerning the regions (600).

103 Digitised documents will be linked to a database to permit simultaneous retrieval of both metadata and a digitised image of the document. The project will aid the long-term preservation of original archival documents while at the same time promoting greater access. The National Archives will use the PowerDoc document management system as the platform for the database and image bank. Currently, the National Archives has 180,000 metadata records in an existing bibliographic utility, NOTIS. These records will be imported into the new system using XML. The National Archives is using an external service to digitise the historical documents, which will be linked to their respective catalogue records in the database as they are scanned. (See the photograph at Appendix C.)
Chile has made significant progress toward reforms to its public sector. There remains, however, a need to strengthen public expenditure management. One of the largest areas of expenditure is civil servants’ salaries and benefits. Thus, the Government has recognised that it needs to make improvements in how the personnel and payroll functions are handled if it is to achieve its public expenditure management objectives. One of the current realities that prevents more effective management of the personnel and payroll functions is that personnel management information systems are weak and fragmented.

Personnel and payroll management is highly decentralised; each ministry has its own system for managing and paying its employees. Levels of computerisation of these systems vary and, at present, are not integrated. In an effort to address these shortcomings, the SIGFE project aims to introduce an integrated financial and personnel management system. This system, the personnel module of which is expected to be up and running in several pilot ministries by July 2003, will provide real-time access to personnel data on all civil servants, as well as to ministry accounting data. Introducing this system will be a major step toward more effective personnel management and control of the wage bill.

There are, however, a number of outstanding issues with respect to personnel records and information that need to be addressed:

- Production of the payroll is still highly fragmented, with as many as 400 different payroll systems and up to 20 different methods of calculating the payroll. Some rationalisation of these systems is needed and could best be carried out as part of the SIGFE project. At present, the SIGFE project envisages using the system only to produce the payroll in a small number of pilot ministries due to the anticipated opposition to centralised payroll production. However, unless it can rationalise payroll processes and use the SIGFE system for payroll production, the Government is unlikely to be wholly effective in realising its public expenditure management objectives.

- The Government is moving rapidly in the direction of electronic governance and hopes in the near future to create and keep official records solely in electronic form. While this change in record keeping will yield short-term administrative efficiencies and improved access, in the long-term it could lead to administrative chaos unless the Government moves equally quickly to establish an electronic records management and preservation plan that will guarantee long-term integrity and access to electronic records.

- There is a need to designate an agency with responsibility to lead the development and implementation of an electronic records management and preservation plan. Although the National Archives has not been seen as a lead agency in the electronic governance plans, it is a logical agency to carry out this role because it has an existing legislative mandate to preserve government records. In order to carry out this role, the National Archives would need to work in collaboration with other key agencies, such as the Ministry of the Interior’s Information Division. In addition, there is an urgent need to
strengthen the legislative mandate of the National Archives and to increase its capacity for managing and preserving electronic records if it is to play a leading role.

- During the transition from a paper to a fully electronic environment, the Government will continue to rely on paper versions of official personnel records to provide evidence of civil servants’ careers. These documents are managed and kept by the personnel divisions of individual ministries. A major weakness of the current system is that there are no existing standards for the management and preservation of these records, which are seldom transferred to the National Archives for preservation, even though this transfer is stipulated in existing archival legislation.

- As part of efforts to establish a national archival system, the National Archives and the personnel divisions of the different ministries need to work together to review existing arrangements for managing and preserving personnel records. Once new arrangements have been agreed, the existing legislative and regulatory framework will need to be updated to reflect these changes.

Chile has been innovative and progressive in its efforts to reform the public sector. Improvements in records and information management will strengthen its ability to meet its public expenditure management objectives and to improve the management of all government personnel.
LIST OF PEOPLE CONSULTED, GOVERNMENT OF CHILE

Comptroller General’s Office

Mr J Aravena, Chief of the Government Accounting Subdivision
Mr M Lastra, Auditing Division
Mr H Llanos, Chief of the Auditing Division
Mr P Ortiz, Chief of Accounting Division
Mr J Pacheco, Subdivision Chief, Auditing Division
Mr L Tellez, Deputy Chief, Accounting Division

DIBAM

Mrs E Gonzalez, Systems Engineer
Mrs A Jolly, International Relations

Department of Education

Mr J Weinstein, Under Secretary of Education

Ministry of the Interior

Mr C Pena, Chief of the Information Technology Division

National Archives

Mrs A Avario, General Secretariat
Mrs M E Barientos, Director
Mrs Patricia Huenuqueo, Head of the National Archival System Unit
Mr J Zunige, Computer Technician

Reform and Modernisation of the State Project

Mr J Chateau, Assessor
Mr A Flisfisch, Executive Director
SIGFE project

Mr Antonio Alubar, Finance Consultant and Translator
Mr L Carvajal, Systems Engineer
Mr Roberto Cerri, Project Co-ordinator
Mr A Pino, Finance Consultant

Treasury

Mr G Lambertini, Treasurer General
Mrs A Toha, Chief of the Personnel Department
Mr I Santander, Section Head, Personnel Department
LOCATION OF THE NATIONAL ARCHIVES IN THE CIVIL SERVICE STRUCTURE

Office of the President

Ministries

Sub-secretariats

Departments and Institutions

National Archives, Library and Museum Directorate

Regional Secretariats

National Archives Sub-directorate

NAN

National Archives

National Conservation and Restoration Service

User Services

Technology Unit
Appendix C

PHOTOGRAPHS

Document imaging for the National Archives.

Data centre operations at the Ministry of the Interior.

Hanging file pockets in drawer cabinets at the Personnel Division of the Treasury.
GOVERNMENT OF CHILE

GOVERNMENT OF CHILE, DIRECTIVE ON ELECTRONIC
GOVERNANCE MAY 2001

From the President of the Republic

A : According to Distribution

1. In recent years, the technology of information and communication have developed significantly. It has generated a strong impact in different fields of people’s work and economic activity, it has aided daily life and has achieved better efficiency and effectiveness in the development of various types of processes.

The development of these technologies opens new and interesting channels, not only in the provision of public services but also to increase the quality and opportunity for citizens to access information.

Today we talk about “Electronic Governance”. This is the use of the technology of information and communication that enhances the means of administration to better services and information offered to citizens, to heighten efficiency and effectiveness of public management and to increase substantially the clarity of the public sector and the participation of the citizens.

The Government has defined various actions to develop better relations between State and Citizen, supporting information technology. With this in mind, last October an agenda for Electronic Governance was passed by the Committee of Ministers of the New Technologies of Information and Communication.

At the moment it is in a phase of development with a group of initiatives and instruments which are going in the right direction.

11. In favour of what has gone before and with the object of defining clearly the essential components of Electronic Governance I have been able to prepare what I suggest in continuation.
1. In first place, the fields in which Electronic Government will develop will be the following:

   a. **Attention to the citizen.** In this aspect, new forms of relationships between the Government and citizen/business/investors will be established, considering the use of information technology and communication, permitting the State to present its services in an efficient way effectively and with independence of physical position.

   b. **Good Government.** New forms and internal processes in the Administration of the State will be established and introduced which will allow for the integration of the systems of the different services, to share resources and to facilitate the internal working of the same services.

   c. **Development of Democracy.** The creation of mechanisms will be considered using the technology of information and communication, permitting the citizen to play a more active role in the management of the country, opening new areas and forms of participation.

2. In second place, the early stages of direction which must govern all plans for Electronic Governance, will be the following:

   a. **Transformation.** To promote the establishment, in the Administration of the State, of a new form of operation, creating and modifying substantially the present procedures and function and the relationship with the citizen, using the introduction of the technology of information and communication.

   b. **To be within reach of every-one.** It will result in assuring that all citizens will have access to systems provided in electronic form by the State, considering geographic size (where it can be accessed) social (who can access it) and time (when it can be accessed) and assuring that the said dimensions are fair.

   c. **Easy to use.** It is proposed that the information technology used by the State is simple and easy to understand for citizens.

   d. **Greater Benefit.** It implies that the benefit this signifies to the citizens demands a service by way of technology of information and communication which is superior to that which they will receive by obtaining it through public offices.

   e. **Security, privacy and register.** The object is to make available adequate levels of security and standards with respect to people’s privacy retrieving information and in the transactions which are carried out.
f. **Role of the private sector.** It sets out that the implementation of services, as well as the formation and training of civil servants and citizens, relies on the private sector. This will be done using competitive processes. However the ownership and use of the information will always be reserved for the State and the citizen who owns it.

g. **Decentralisation.** It points out that the administration, maintenance and updating of the information and communication technology will be the responsibility of each Service, except in those situations which involve the participation of various Services. In any case the joint operation inside the public sector must be assured.

h. **Electronic competence.** It is laid out that the transactions can take place from anywhere in the country so the competence level of the Services must be adaptable to consider this possibility.

3. **In third place.** The development of the Electronic Governance must be the responsibility of the organs of administration as an evolutionary process which has four parts to it.

a. **Presence.** In this part basically information of the Service is provided to the citizen.

b. **Interaction.** Simple communications are considered between the Service and the citizen with the incorporation of plans for basic searches/retrieval.

c. **Transaction.** It includes the provision of electronic transactions to the citizen by way of the Service, in an alternative form to the seen attention in the section of the organisation.

**Transformation.** To consider changes in the Services to provide help which constitutes its critical mission in electronic form, and the presentation of applications which administer the delivery of help to the citizens.

4. In fourth place, the heads of the Services, as much in the processes of modernisation that they put into action as well as the tactics which they use for information and communication technology to implement the development of Electronic Governance in the State, must follow the following guide-lines, concentrating in three areas.

5. The first area is the relationship between the Services and the citizens. In this respect they must:

a. Introduce progressively the use of information and communication technology in all processes associated with the presentation of help to the citizens, considering the interrelation which they have with other public divisions.

Situation current as of May 2002
b. To promote and advance the access the Citizens have to services and government information, using information technology. To achieve this, they must create incentives for the citizens to use these methods without there being a cut in the existing quality of the service.

c. To provide the citizens with a complete service to serve their needs, in such a way that they provide a role of direct attention to the citizen. For this they must achieve integration with those who have a role of work and internal provision with the aforementioned.

d. To attend to the citizens via unique little windows, preferably being possible that they are developed and operated by private firms. The plans that are drawn up and the bidding processes that are called for with the previous motive, must establish requirements regarding trustworthiness, security and speed, as well as be indicators of quality of service to the citizen, usage of standards which assure compatibility, data base protection, privacy on line and management monitoring systems for the citizens.

e. To make sure that the use of electronic authorisation in the relationship between the citizen and the Services, maintains a direct relationship with the level of security which each citizen aims to achieve or with that which the law establishes for the case.

6. The second area of work of the Electronic Governance is the improvement of the management and internal processes and of the relationship between the Services. In this area, the Heads of Service must:

a. Improve operational efficiency within the Services, using information and communication technology, simplifying and redesigning the processes that they implement.

b. Develop continuous technology teaching programmes with information for all levels of Service plants. These programmes must include teaching methodologies provided by using information technologies.

c. Count on an information system designed to support internal functions and attention to the citizens, as well as to pay attention directly to information systems of other public departments.

d. Ensure that the Services which have a previous role of work and internal provision tend towards making them accessible and in line with all Government departments which have a direct role of attention on the citizen, in that which is relevant in accordance with respective aptitudes and responsibilities.
Without prejudice of the proper systems that the Services use, these must connect progressively with other institutions using the system of administration of the Home Office. Those institutions which are directly connected must be functioning fully within the next six months. The other services must be connected in the next twelve months.

e. To restore, by means of appointed management and to evaluate the advance of the Electronic Governance in each Service, by an indicator of termly time that measures percentages of eyewitness electronic procedures that the Services have presented to the citizens and other public departments.

f. To check all software products that are used in the institution. The Services will each select and use software products which suit their needs and which can be adapted to reality.

g. To develop mechanisms that permit, facilitate and promote the interior of the department, so that communications are implemented preferably using information technology. At the same time the State institutions must be the first to use electronic services which another public department provides.

h. To consider the impact that the development of plans which information technologies use has on the organisation and the staff that develop it. With this in mind, they must include as part of the said plans, the detection and resolution of the effects that brings about its application. Special emphasis must be put into effect when the said impact involves the civil servants of the institution.

To adopt, progressively industrial and information and communication technology standards which allow connections and interconnections between different systems and diverse stages, so that they are open and not private.

j. To present a unified image on the internet. In the space of not more than six months they must subscribe to the domains gov.cl and gob.cl.in addition to those which they currently possess.

k. To promote the newly added request to obtain better prices and conditions for buying and to use the financial resources available more wisely. This strategy is also valid in the cementing of projects which use information technology whose development does not result as feasible for a sole Service.

7. The third area of work for the Electronic Governance is the strengthening of the participation of the citizens in political processes. In this area the Heads of Service must:

a. Consider and adopt extensive measures to impart to the community the relevant information, considering its opinions and its suggestions, facilitating community participation and clarity.
b. To keep a look out for information through the development of web pages with easy and understandable access. Likewise, they must link this information to search engines, through the government and privately to facilitate the access of information.

8. In fifth place, the Ministry of the Secretary General of the Government will keep an eye on content standards of the web pages of various Ministries and Services, ensuring the citizens have general and specific information on the Government's actions.

9. In sixth place, the Treasury must publish records to allow people to know the budget of income and expenditure of new information and communication technologies which the Government implements annually.

10. In seventh place, the Ministry of the General Secretary of the Republic will implement the co-ordination and carrying out of the proceeding instructions and of all those that are put into effect in the future in relation to the development of the Electronic Governance.

11. Finally, the Services must present, no later than the 15th August 2001, a plan which lays out this directive to the Ministry of the Secretary General of the Republic.

Yours sincerely

Ricardo Lagos Escobar
President of the Republic
From the President of the Republic  
Santiago 11 May 2001

I

In recent years, information and communication technology (ICT) has developed significantly. It has generated a strong impact in different fields of people’s work and economic activity, it has aided daily life and has achieved better efficiency and effectiveness in the development of various types of processes.

The development of these technologies opens new and interesting channels, not only in the provision of public services but also to increase the quality and opportunity for citizens to access information.

Today we talk about ‘Electronic Government’. This is the use of information and communication technology to enhance the means of administering better services and information offered to citizens, to heighten efficiency and effectiveness of public management and to increase substantially the clarity of the public sector and the participation of the citizens.

The Government has defined various actions to develop better relations between State and Citizen by supporting information technology. With this in mind, last October an agenda for Electronic Government was passed by the Committee of Ministers of the New Technologies of Information and Communication.

At the moment it is in a phase of development with a group of initiatives which are going in the right direction.

II

In reference to the above and with the object of defining clearly the essential components of Electronic Government, I have prepared what follows.

First, the fields in which Electronic Government will be developed will be the following:

- **Service to the Citizen.** In this aspect, new forms of relationships between the Government and citizen/business/investors will be established, taking into account the use of information and communication technology, permitting the State to provide efficient and effective services in an independent way.
• **Good Government.** New forms and internal processes in the administration of the state will be established and introduced which will allow for the integration of systems of the different services, to share resources and to facilitate the internal working of the same services.

• **Development of Democracy.** The creation of mechanisms will be considered using information and communication technology, permitting the citizen to play a more active role in the management of the country, opening new areas and forms of participation.

Second, the early stages of direction, which must govern all plans for Electronic Government, will be the following:

• **Transformation.** To promote the establishment, in the Administration of the State, of a new form of operation, creating and modifying substantially the present procedures and functions and the relationship with the citizen, using the introduction information and communication technology.

• **To be accessible by everyone.** It will result in ensuring that all citizens will have access to systems provided in electronic format by the state, and will take into account the geographic location (where it can be accessed) social (who can access it) and time (when it can be accessed) and ensuring that these measures are fair.

• **Easy to use.** It is proposed that the information technology used by the state be simple and easy to understand for citizens.

• **Greater Benefit.** It implies that the benefit to citizens ensures a service, through information and communication technology, which is superior to that which they will receive by obtaining it through public offices.

• **Security, privacy and registration.** The object is to make available adequate levels of security and standards with respect to people’s privacy in retrieving information and in the transactions which are carried out.

• **Role of the private sector.** It sets out that the implementation of services, as well as the formation and training of civil servants and citizens, is reliant on the private sector. This will be done using competitive processes. However the ownership and use of the information will always be reserved for the State and the citizen who owns it.

• **Decentralisation.** It points out that the administration, maintenance and updating of information and communication technology will be the responsibility of each Service, except in those situations which involve the participation of various Services. In any case, joint operation inside the public sector must be assured.

• **Electronic competence.** It is laid out that the transactions can take place from anywhere in the country so the competence level of the Services must be adaptable to take this possibility into account.
Third, the development of Electronic Government must be the responsibility of the bodies of administration as an evolutionary process and this has four parts to it.

- **Presence.** In this part basic information about the Service is provided to the citizen.

- **Interaction.** Simple communications are covered between the Service and the citizen with the incorporation of plans for basic searches/retrieval.

- **Transaction.** It includes the provision for electronic transactions with the citizen by way of the Service, as an alternative to personal attention by that section of the organisation.

- **Transformation.** To consider changes in the way Services provide help to citizens by introducing applications which administer the delivery of help to the citizens electronically.

Fourth, the heads of the Services (as much in the processes of modernisation as well as strategies for the use of information and communication technology to implement the development of Electronic Government in the State), must follow the guidelines below, concentrating on three areas.

The first area is the relationship between the Services and the citizens. In this respect they must:

- Introduce progressively the use of information and communication technology in all processes associated with the presentation of help to the citizens, taking into account the interrelation which they have with other public divisions.

- Promote and advance the access citizens have to services and government information, by using information technology. To achieve this, they must create incentives for the citizens to use these methods without there being a reduction in the existing quality of the service.

- Provide citizens with a complete service to meet their needs, in the same way that they provide personal attention to the citizen. For this they must achieve integration with those who have the task of internal provision of services.

- Attend to citizens via unique windows, preferably, where possible, with these being developed and operated by private firms. The plans that are drawn up and the bidding processes that are called for must establish requirements regarding trustworthiness, security and speed, as well as indicators of quality of service to the citizen, usage of standards which assure compatibility, database protection, privacy online and management monitoring systems for citizens.

- Ensure that the use of electronic authorisation in the relationship between the citizen and the Services maintains a direct relationship with the level of security which each citizen requires or which the law establishes for the case.
The second area of work of the Electronic Government is the improvement of the management and internal processes and the relationship between Services. In this area, the Heads of Service must:

- Improve operational efficiency within the Services, using information and communication technology, simplifying and redesigning the processes that they implement.

- Develop continuous technology teaching programmes for all levels of Service positions. These programmes must include teaching methodologies using information technology.

- Include an information system designed to support internal functions and service to citizens, as well as pay attention directly to information systems of other public departments.

- Ensure that the Services which have a previous role of internal provision tend towards making them accessible and in line with all Government departments which have a direct service to the citizen. Where appropriate, these should connect progressively with other institutions using the system of administration of the Home Office. Those institutions which are directly connected must be functioning fully within the next six months. Other services must be connected in the next twelve months.

- Evaluate the advance of Electronic Government in each Service, using a time indicator that measures percentages of electronic procedures that the Services have conducted with citizens and other public departments.

- Check all software products that are used in the institution. The Services will each select and use software products which suit their needs and which can be adapted for their own use.

- Develop mechanisms that permit, facilitate and promote the interior of the department, so that communications are implemented using information technology. At the same time State institutions must be the first to use electronic services which another public department provides.

- Consider the impact of development plans, using information technologies, on the organisation and the staff that develop them. With this in mind, include as part of these plans, the change management issues that will bring about its application. Special emphasis must be put into effect when the development involves civil servants of the institution.

- Adopt, progressively, industry standards for information and communication technology, which allow connections and interconnections between different systems and diverse stages, so that they are open and not private.

- Present a unified image on the internet. In the space of not more than six months subscribe to the domains gov.cl and gob.cl.in addition to those which they currently possess.
• Promote the recent request to obtain better prices and conditions for buying and to use the financial resources available more wisely. This strategy is also valid in the cementing of projects which use information technology whose development does not result as feasible for a practical Service.

The third area of work for Electronic Government is the strengthening of the participation of citizens in political processes. In this area the Heads of Service must:

• Consider and adopt extensive measures to impart to the community the relevant information, considering its opinions and its suggestions, facilitating community participation and clarity.

• Keep a look out for information through the development of web pages with easy and understandable access. Likewise, they must link this information to search engines, through the Government and privately to facilitate access to information.

Fifth, the Ministry of the Secretary General of the Government will keep an eye on content standards of the web pages of various Ministries and Services, ensuring that citizens have general and specific information on government actions.

Sixth, the Treasury must publish records to allow people to know the budget of income and expenditure of new information and communication technologies which the Government implements annually.

Seventh, the Ministry of the General Secretary of the Republic will implement the co-ordination and carry out the preceding instructions in future in relation to the development of Electronic Governance.

Finally, the Services must present, no later than the 15 August 2001, a plan which lays out this directive to the Ministry of the Secretary General of the Republic.

Yours sincerely

Ricardo Lagos Escobar
President of the Republic
Appendix F

ELECTRONIC SIGNATURES ACT, APRIL 2002

(Translated by the International Records Management Trust)

Section 1: General Layout

Article 1

This Act regulates electronic documents and their legal effects, the use in them of the electronic signature, the offering of services of certification of these signatures and the procedure of accreditation which the providers of these certifying services must abide by, with the aim of guaranteeing the security of their use.

The activities regulating this Act are subject to the principles of freedom of loans of services, free competitiveness, technological neutrality, international compatibility and equality of electronic support to paper support.

All interpretation of the rules of this Act must remain in concordance with the principles that are laid out here.

Article 2

In terms of this Act the following meanings are understood.

a) **Electronic**: The characteristics of the technology which has an electrical, digital, magnetic, cordless, optical, electromagnetic capacity or similar.

b) **Certificate of electronic signature**: electronic certification which faithfully links between the signatory or bearer of the certificate and the data of the creation of the electronic signature.

c) **Certificate holder or provider of certification services**: Offering body of services of certification of electronic signatures.

b) **Electronic document**: Every representation of a fact, image or idea that may be created, sent, communicated or received by electronic means and stored in a suitable way to allow for later use.

e) **Accrediting body**: The Vice Secretary of Economy, Public Works and Reconstruction.

f) **Electronic signature**: Any mark, symbol or electronic process, which allows the receiver of an electronic document to identify the person responsible for drawing it up.

Situation current as of May 2002
g) **Advanced electronic signature**: That which is certified by an accredited person who offers services (hereby known as provider of services) which has been created using means that the bearer has exclusive control of, in a way that links uniquely to the same and to the data to which it refers, allowing the subsequent detection of any modification, checking the identity of the bearer and preventing him from not recognising the whole content of the document and its originator.

h) **User or bearer**: A person who uses under his exclusive control a certificate of electronic signature.

**Article 3**

The acts and contracts granted or enjoyed by normal or legal persons, public or private, signed by the electronic signature, will be valid in the same way and will produce the same effects as those officially received in writing and by the medium of paper. The said acts and contracts will be considered in writing, in cases where the law requires that the same ones are written down in recorded form, and in all those cases in which the law predicts legal consequences when they are recorded in writing.

That which is laid out in the previous clause is not applicable to acts or contracts granted or celebrated in the following cases:

a) Those in which the law requires a formality that it is not able to comply with using an electronic document;

b) Those in which the law regulates personal attendance in some parts;

c) Those relative to the right of the family.

The electronic signature, whatever its nature, will be looked upon as a handwritten signature for all legal effects, without prejudice as to what is established in the following Article.

**Article 4**

Electronic documents which have the quality of a public deed must be registered using advanced electronic signature.

**Article 5**

Electronic documents can be presented in a law case and in the event of them being used as proof, the following rules have to be observed:

1 Those laid out in the previous Article will have full proof of agreement with the general rules;
Those which possess the quality of a private document will have the same evidential value as laid out in the previous point when they have been submitted by advanced electronic signature. On the other hand, they will have the evidential value they deserve in accordance with general rules.

Section II: Use of Electronic Signatures by State Bodies

Article 6

State bodies can carry out or put acts into effect, conclude contracts and draw up any document, within their field of competence, subscribing them by means of electronic signature.

They exclude those legal proceedings by which the Political Constitution or the law requires a solemnity or those which are notable to be put into effect using an electronic document, or which require the personal presence of the authority or the civil servant that must intervene in them.

That which is laid out in this section is not applicable to public firms created by law, they will be put into force by previous standards by the issuing of private documents and electronic signatures.

Article 7

The acts, contracts and documents of the bodies of the State, submitted using electronic signatures, will be valid in the same way and will produce the same effects as those sent out in handwriting or by paper support.

With all this, so that they have the quality of a public document, they must be submitted in advanced electronic form.

Article 8

The people can relate to State bodies through technical and electronic means by using electronic signature, only when they can be adjusted to that of the procedure described in the law and that such techniques and means are compatible with those used by the said bodies.

In using electronic signatures, State bodies must avoid unjustified restrictions on access to provisions and the reporting and transparency which governs its proceedings, which could cause arbitrary discriminations.
**Article 9**

The certifying of the advanced electronic signatures of the authorities or the civil servants of the bodies of the State will be brought about by the respective loyal ministries. If this cannot be found laid down in law, the ruling which is referred to in Article 10 will indicate the way in which a civil servant is designated to perform these objectives.

The stated certification, must contain besides the references which correspond to it, the date and time of the issue of the document.

The evidential effects of the certification practised by the relevant ministry will be equivalent to those of the certification carried out by an accredited provider of services of certification.

Without prejudice of what is laid out in the first clause, the Bodies of State can contract the services of certification of electronic signatures with accredited, certified bodies if it is more convenient, technical or economic, under the conditions as laid out in the respective document.

**Article 10**

The rulings applicable to the corresponding Bodies of State will regulate the way of guaranteeing publicity, security, integrity and efficiency in the use of electronic signatures and anything else necessary for the application of the rules of this Deed.

**Section III: The Providers of Certification Services**

**Article 11**

Authorised people, whether national, foreign, public or private are providers of the services of Certification who authorise certificates of electronic signature without prejudice of other services that they could carry out.

Likewise, the authorised people whether national, foreign, public or private or resident in Chile are accredited providers of services of certification, accredited in accordance with Section V of this Act which authorises certificates of electronic signature, without prejudice of the other services that they could carry out.

**Article 12**

These are the obligations of the provider of services of certification of electronic signature.

a) To agree by the rules about practice of certification which will be objective and not discriminating and communicate them to the users in a simple manner and in the Castilian language.
b) To maintain a register of public access of certificates, in which there will be evidence of those issued and those that are no longer in use, in the terms laid out in the ruling. To be able to access the said register by electronic means in a regular and continuous manner. To maintain this register, the certified person will be able to handle the supplied data through the bearer of the certificate with the data needed for that purpose and not to use it for any other purpose. The said data must be conserved at least for six months from the initial issue of the certificate. For the rest, the provisions of the Law Number 19.628 will be applied about Protection of People’s private affairs.

c) In the case of ceasing voluntarily in their activity, the providers of the services of certification must communicate beforehand to each one of the bearers of electronic signatures certified by them, in a manner that will establish the ruling and they must, if there is no opposition from the latter, transfer the data from their certificates to another provider of services, on the date that the termination takes place. In case of any opposition, they will curtail certificates with respect to the ones that the bearer had opposed transfer of ownership. The communication mentioned will be completed with a minimum notice of two months from the effective ceasing of the activity.

d) To publish in the electronic domain sites the decisions of the Accrediting Body that effects them.

e) In the granting of legal documents of advanced electronic signature certificates, to check reliably the identity of the applicant, for which the provider will require beforehand, before himself or before a public notary or official of the civil register, the direct, personal appearance in court of the applicant or his legal representative if it refers to a legal person.

f) To pay the supervision fee, which is fixed annually by the Accreditation Body and to understand the cost of the specialists report and the system of accreditation and inspection of the providers.

g) To request the cancellation of the inscription in the register of accredited providers carried by the Accreditation Body, with a minimum of no less than one months notice of when they are going to cease their activity, and inform the fate that they are going to give to the data of the certificates, specifying, in their case, if they are going to transfer them and to whom, or if the certificates are going to remain void.

h) In case of any cancellation of the inscription in the register of accredited providers, the certificate holders will immediately inform this matter to each of the users and must, in the same way as with the voluntary stopping of the activity, pass on the data of the certificates to another provider, if the user does not oppose this.

i) To indicate to the Accreditation Body any other relevant circumstance that could hamper the continuation of its activity. Especially, as soon as it is known, to inform the beginning of a procedure of bankruptcy or stoppage of payments.

j) To comply with other legal obligations, especially those laid down in this Act and its ruling and the Law Number 19.496 about Protection of the Rights of Consumers and number 19.628 about Protection of Peoples Private Lives.
Article 13

The fulfilment, on behalf of the non-accredited providers of services of certification of electronic signatures, of the obligations laid out in letters a) b) c) and j) of the previous Article will be considered by the judge as a record to determine if the correct due diligence existed, for the purpose predicted in the first clause in the following Article.

Article 14

The providers of certificates of service will be responsible for any harm or damage that happens in the exercise of their certification of electronic signatures. In such cases, it will be the responsibility of the service provider to demonstrate that they acted with due diligence.

Without prejudice of what is laid out in the previous clause, the providers will not be responsible for any harm which originated in the improper or fraudulent use of a certificate of electronic signature.

For the purpose of this Article, the accredited providers of the services of electronic signature must take out and maintain an insurance, which covers their eventual civil responsibility for an amount equivalent to five thousand units of public work, minimum, not only their own certificates but also those held, by reason as laid down in the final clause in Article 15.

The certificate of electronic signature provided by a certified body can establish limits with regard to its possible uses, as and when the limits are recognisable by a third party. The provider of services of certification will remain exempt from responsibility for any harm or damage caused by the use that exceeds the indicated limits of the certificate.

In no case does the responsibility that can originate from a certification carried out by a private accredited provider, compromise the monetary responsibility of the State.

Section IV: Certificates of Electronic Signature

Article 15

The certificates of the electronic signature must contain, at least the following comments:

a) A personal identification code of the certificate;

b) Identification of the provider of the service of certification, with an indication of his name or social address, national insurance code, electronic mail address and, in this case, the previous records of his accreditation and his own advanced electronic signature;

c) The data of the identity of the bearer, in which must necessarily be included his name, e-mail address and insurance code;

d) The password.
The certificates of advanced electronic signature can be sent out by non-Chilean bodies and they will be equivalent to those granted by the providers established in this country, when they were endorsed by the latter, under their responsibility and fulfilling the fixed requirements in this Act and its ruling, or in virtue of the international treaty ratified by Chile and which can be found here applicable.

**Article 16**

The certificates of electronic signature will remain without effect in the following cases:

1) With the expiry of validity of the certificate, which cannot exceed three years from the date of issue;

2) On reversal by the provider, which would take place in the following circumstances:
   a) On application of the bearer of the certificate;
   b) In the case of death of the bearer or dissolution of the legal person who represents him in his case;
   c) By way of legal judgement;
   d) By way of non-fulfilment of obligations of the user as laid down in Article 24.

3) By cancellation of the accreditation and the inscription of the provider in the register of accredited providers which is pointed out in Article 18, with regard to what is laid out in Article 19 or with the curtailment of activity of the provider, unless it can be verified here has been a transference of data of the certificates, conforming with what is laid out in the letters c) and h) of Article 12;

4) By the voluntary curtailment of the non-accredited provider unless it is verified that the data of the certificates has been transferred to another provider, conforming with letter c) of Article 12.

The repeal of a certificate in circumstances as in letter d) of number 2) of this Article, like the postponement when it occurs by technical means, will be communicated beforehand by the provider to the bearer of the certificate, indicating the reason and moment when the repeal or postponement will take place. In any case neither the repeal nor the postponement will diminish the value of the certificates until the exact moment when they are checked by the provider.

The validity of a certificate of electronic signature for any of the previously mentioned reasons can not be used by a third party whilst it has not been eliminated from the register of public access.

Situation current as of May 2002

41
Section V: Accreditation and Inspection of Providers of Certification Services

Article 17

The accreditation is a process by reason of which the provider of services of certification shows to the Accrediting Body that he is in agreement with the installations, systems, information programmes and human resources necessary to guarantee the certificates in the terms of contract as they are set down in this Act and in the ruling, allowing the inscription in the register as pointed out in Article 18.

To be accredited, the provider of services of certification must comply, at least with the following conditions:

a) To demonstrate the necessary reliability of his services;

b) To guarantee the existence of a secure service of consultation of the register of certificates sent out;

c) To employ qualified staff to lend out the services offered in the field of electronic signatures and the processes of security and appropriate management;

d) To use reliable systems and products which guarantee the security of the processes of certification;

e) To have an appropriate insurance as in the terms mentioned in Article 14;

f) To rely on the technological capacity necessary for the development and activity of the certification.

Article 18

The procedure of accreditation will begin by putting forward an application to the Accreditation Body, which must be accompanied by the previous relative points for the requirements of Article 17 which the ruling mentions, and also the receipt of payment of costs for the accreditation. The Accreditation Body must decide seriously about the application over a period of twenty days starting from, at the request of the interested party, it is certified that the application is in a correct state to be decided upon. If the interested party makes an accusation that there has been a breach in this period of time to the correct authority, and the authority does not make a pronouncement within the following month, the application will be taken as being accepted.

The Accreditation Body can contract experts with the aim of checking the fulfilment of the requirements laid out in Article 17.

Once the accreditation is granted, the provider will be added to the public register and to such an effect will be presented to the Accrediting Body, this can be accessed by electronic methods. During the validation of his inscription in the register, the provider must inform the Accrediting Body of any modification of the conditions which may affect his accreditation.
Article 19

Using the legal ruling established by the Accreditation Body the accreditation can be rendered without effect and the inscription cancelled in the register mentioned in Article 18, for any of the following reasons:

a) The application of the accredited provider;

b) Failure in conditions which serve the basis of the accreditation, which will be examined by the civil servants or experts of the Accreditation Body used in the inspection which is referred to in Article 20;

c) Serious non-fulfilment or repetition of the obligations that establish this Act and its ruling.

In the case of the letters b) and c) the resolution will be adopted subject to a hearing of the affected party and a formal complaint can be made to the Ministry of Economy, Public Works and Reconstruction within a period of five days starting from its notification. The Ministry will have a period of thirty days to decide upon it. Within the next ten days from when the resolution was notified and pronounced or in the case that it can be proved that the administrative claim was not dealt with in the allowed time, the interested party can lodge a legal claim before the Court of Appeal in his hometown. The claim must be with grounds and, for its aggregation to the board, without mistake, governed by the appropriate rules of appeal of protection. The decision of the Court of Appeals will not be open to any appeal.

The certificate holders whose inscriptions have been cancelled, must communicate this fact immediately to the bearers of the electronic signatures certified by them. Without prejudice, the Accreditation Body will publish a warning giving notice of the cancellation at the expense of the certificate holder. From the date of this notice, the certificates will be rendered void, unless the data of the bearers is transferred to another accredited certificate holder in agreement with what is laid out in letter h) of Article 12. The damages that the cancellation may cause to the inscription of the certificate holder by the bearers of the certificates in force until the cancellation, will be the responsibility of the provider.

Article 20

With the aim of checking the fulfilment of the obligations of the accredited providers, the Accrediting Body will execute the inspecting authority of the same and will be able to, to such an effect, request information and arrange visits to installations using specially contracted civil servants or experts, conforming with the ruling.

Article 21

The Accrediting Body, as well as the staff who act under its section or report to it, must keep confidentiality and custody of documents and information that the accredited certificate holders give to them.
Article 22

The monetary resources that the Accrediting Body earn by way of the accredited providers of the services of certification will make up the personal investments of the said body and be incorporated to its budget.

Section VI: Rights and Obligations of the Users of Electronic Signatures

Article 23

The users or bearers of electronic signatures will have the following rights.

1. To be informed by the provider of services of certification about the general characteristics of the procedures of creation and checking of the electronic signature, as well as the rules on the practises of certification and the rest which they will promise to follow in the loan of the service, before it is put into effect.

2. To the confidentiality in the information supplied to the providers of certification. For this, they must use technical elements available to present security and privacy of information brought about and the users have a right to be informed, beforehand at the onset of the loan of the service about the general characteristics of the said elements.

3. To be informed, before the publishing of the certificate of the price of the services of certification, including additional charges and methods of payment, in such a way that the precise conditions for the use of the certificate and its limitations and processes of claims and resolution of predicted disputes in the law can be agreed.

4. So that the provider of services or whoever endorses its certificates, supplies information on sites in Chile and about all the ways which the user can present himself to find out explanations, giving account of any mal function of the system or presenting claims.

5. To be informed, at least two months beforehand, by the providers of the services of the stoppage of their activity, with the aim of opposing the establishing of validity to the transference of data of its certificates to another certificate holder, in which case the said certificates will be wiped out in conformity with point number 4) of Article 16 of this Act, or else that they take note of the extinction of the effects of the certificates, if no possibility exists to transfer it to another holder.

6. To be informed immediately of the cancellation of the inscription in the register of the accredited providers, with the aim to oppose the establishing of validity of the transference of data of its certificates to another certificate holder, in which case the said certificates will be wiped out, conforming with point 3) of Article 16 of this Act, or else that they take note of the extinction of the effects of the certificates, if no possibility exists to transfer it to another holder.

7. To transfer their data to another provider of services of certification.
8. That the provider does not supply any more services of any other quality than that which he has already agreed, and not to receive any commercial publicity of any type by way of the provider, except by express authorisation of the user.

9. To access the register of accredited providers by electronic means which the Accrediting Body will maintain.

10. To be indemnified and to uphold the value of agreed insurance, conforming with Article 15 of this Act.

The users will take pleasure in these rights, without prejudice of those that derive from Law Number 19.628 about Protection of Private Life and Law Number 19.496 about Consumer Protection and they will be able to, with the proviso as laid out in number 10 of this Article practise them in accordance with the process established in the last rule.

**Article 24**

The users of the certificates of the electronic signature will remain, obliged at the moment of supplying the data of their personal identification or other circumstances, subject to certification, to present exact and complete declarations. Also they are obliged to adequately take care of the mechanisms and security of the functioning of the system of certification that the certificate holder supplies to them and to update the data as it changes.

**TITLE VII: RULINGS**

**Article 25**

The President of the Republic will put this Act into effect in the period of ninety days from its publication, using one or more supreme decrees of the Ministry of Economics, Public Works and Reconstruction, ratified also by the Ministries of Transport and Telecommunications and the Secretary General of The Republic.

The above is without prejudice of the other rules that correspond to its approval, to give fulfilment to that envisaged in Article 10.

**Transitional Article**

The major expense that the Vice-Secretary of the Economy, Public Works and Reconstruction incurs through the functions that this Act allots to it, during 2002, will be financed by the financial recourses raised in its budget.