

## SOCIAL SOLIDARITY NETWORK

(CO-0145)

### EXECUTIVE SUMMARY

**BORROWER AND  
GUARANTOR:** Republic of Colombia

**EXECUTING AGENCY:** Social Solidarity Network

**AMOUNT AND SOURCE:** IDB: US\$ 30 million  
(ordinary capital in non-convertible currency - Col\$)  
US\$ 220 million (OC)  
Local counterpart  
funding: US\$ 110 million  
Additional funding  
from the government: US\$ 895 million  
Total: US\$1,255 million

This operation would partially fund a Colombian government investment program involving approximately US\$1,255 million over the 1996-1998 period.

<b>FINANCIAL TERMS AND CONDITIONS:</b>	<u>OC (Col\$)</u>	<u>OC</u>
Amortization period:	25 years	25 years
Disbursement period:	3 years	3 years
Commitment period:	30 months	30 months
Interest rate:	4% fixed	variable
Inspection and supervision:	1%	1%
Credit fee:	n.a.	0.75%

**OBJECTIVES:** In the Colombian government's long-term strategy for reducing poverty, the Social Solidarity Network represents a new approach to social issues in which the State and society work together to address the country's principal social problems. The Network's basic objectives are: (a) to improve the quality of life of the poorest and most vulnerable segments of the population by tapping their capabilities and initiatives and thereby enable them to rise out of poverty; (b) to ensure coordination, coherence and effectiveness among the Network's various social programs; (c) to improve the coverage, accessibility and quality of social services and the performance of the institutions responsible for the Network's social investments through a comprehensive approach; and (d) to enhance the government's ability to respond to social problems and to move forward with decentralization and modernization of the State in

this area, while promoting organized community participation in the targeting, monitoring and evaluation of investments.

**DESCRIPTION:**

The Network's guiding principles are: (a) **transparency** in the identification and selection of beneficiaries and in the management of resources; (b) **validation** or acceptance of the Network's decisions by the various social actors; (c) **equity** in the use of resources where the concentration of people living in poverty is greatest; (d) **justice** in the selection of the poorest, weakest and most vulnerable beneficiaries; (e) **society's participation** in all aspects of the program; (f) **concentration and complementarity** of the program's components to improve the return on investments and to give the beneficiaries social mobility; and (g) **management and control** to guarantee quality, responsiveness and transparency in the delivery of services.

The Network will finance the activities of 13 different social programs, which will be executed at the municipal level mainly by subcontracting with the private sector or with NGOs. The programs will be administered by nine executing agencies at the national level, plus the Network - which will also be in charge of general coordination. Most of the programs existed before the Network was created but were not functioning as a coordinated whole; also, they were governed by relatively imprecise rules and, for the most part, they did not reach the poorest of the poor. The projects that will be financed are small in scale, do not involve technical complexities and, in most cases, are for amounts less than US\$75,000.

In keeping with the principles of the Network, a mechanism was developed to allocate resources: the *social solidarity forums*. These forums, which act as coordination bodies at the national, departmental and municipal levels, provide a space in which all sectors can participate (public officials, executing agencies, civil society, the private sector and the community). It is the forums that decide what the target areas of the Network's programs will be. Program beneficiaries will be selected by a technical agency located at the municipal level, using self-targeting mechanisms and data taken from censuses, municipal files and contact with the community.

The Network has the following programs: (a) **urban employment and vocational training**: small-scale municipal works-and-services projects that make heavy use of unskilled labor, along with vocational

training that is offered through work-related courses; (b) **rural employment**: works that further rural communities' economic and social development and that, by their nature, make intensive use of unskilled labor; (c) **improvement of urban housing and slum upgrading, and construction or procurement of new housing**: an effort to fill the basic housing deficit by acquiring or building housing solutions, building or reconditioning roads, installing public utility connections, and building and modernizing schools and health posts; (d) **basic sanitation and improvement of housing in rural areas** (*Vivir Mejor*): installment of water supply and sewer services, and measures to improve the structural condition of housing, such as roofing, walls, floors, kitchens and toilet units; (e) **parks and recreation** (*Recrear*): common areas for recreation, cultural events and community gatherings; (f) **maternal and infant care programs**: prenatal care, attended births, postnatal care, nutritional support for mothers and care for infants during their first year of life; (g) **pre-schoolers' nutritional supplement**: improving the nutritional status of children cared for at community child-care centers; (h) **rural nutrition**: a nutritional supplement for children not covered by community child-care centers; (i) **indigent elderly** (*Revivir*): social-welfare services, such as access to housing, food, clothing, health services and recreational activities, for indigent persons over the age of 65; (j) **aid for school-age dependents of female heads of household**: subsidies in the form of supplies, textbooks, uniforms or cash for school-age children; (k) **support for athletically and artistically gifted youth**: grants that enable young people to receive instruction and practice in artistic, sports or community leadership activities; (l) **care for indigent urban youth**: lodging, clothing, physical and mental health care services, primary and secondary education, vocational training, help in battling drug addiction; and (m) **trash recyclers**: improvement of collection and marketing conditions and job training.

This operation would help to finance part of a Colombian government investment plan that will commit approximately US\$1,255 million in local funding from 1996 to 1998, for a total of US\$1.6 billion during this government's four-year administration (1994-1998), bearing in mind that the program began during the last quarter of 1994. These figures do not include the local (municipal, community, departmental) share of the financing, which would range from 10% to 40% depending on the program and

the municipality's classification. The Bank had initially considered the possibility of US\$500 million in financing, but later reached an agreement with the government whereby financing would be divided into two tranches. If the second tranche is requested, it would be processed more rapidly than the present tranche, depending on the objectives and goals achieved, the quality of the projects executed and the disbursement levels under the present operation.

International competitive bidding will be required for contracts in excess of US\$250,000 for goods and US\$2.5 million for works.

**ENVIRONMENTAL  
CLASSIFICATION:**

The Environment Committee, at its meeting of October 25, 1994, classified this as a Category III operation.

**BENEFITS:**

The possible benefits to be derived from the Network are numerous, the most basic being an improvement in the living standards and reduction in the number of Colombians living in conditions of extreme poverty. By concentrating social program resources on a targeted population group, the Network is striving for a greater impact from government social sector investments.

The redirection of government spending to the poorest socioeconomic groups will also be a major achievement of the Network. Prior to the Network's creation, numerous social program resources did not reach society's most distressed segments because access, for a variety of reasons, was too difficult. As a result of the Network, executing agencies are being encouraged as well as assisted to find ways to reach these groups.

The improvement and strengthening of existing government institutions, rather than creating parallel structures, is another important element of the Network. The Bank, working closely with the Network, has identified weaknesses in the institutional structures of a number of the program's executing agencies. Action plans have been initiated to deal with these problems, and procedures have been designed to facilitate greater transparency and efficiency in the execution of projects and delivery of services under the program. Efforts to improve efficiency and implement institutional reforms have extended to entire executing agencies, far beyond a unit or department with responsibility for the program financed with Network funds.

The Network programs will help to bring stability to regions of the country suffering from high levels of violence and insecurity, which is one of the government's prime objectives. The Network represents a new way of distributing government resources. Groups that have never had the opportunity to participate in prioritizing needs, defining projects, and selecting beneficiaries of social programs will now be participating in decision-making on these matters. The Network will operate in an open and transparent fashion, and the outcomes of investments are expected to better reflect the preferences of the beneficiary population.

**RISKS:**

A major risk to the successful implementation of the program is the organizational ability of the Network to manage the wide range of components and the volume of projects within each. The Network is ultimately responsible for the program's execution, but it very much depends upon the quality of performance of the respective executing agencies, municipalities, and communities. For that reason, much effort has gone into, and will continue to be directed toward, strengthening the institutions responsible for the administration of the programs. Additionally, the Network has created a regional structure to provide support in all aspects of the program to departments, municipalities, and community groups.

Of utmost importance for the Network in controlling the flow of funds and information is to have an efficient monitoring and evaluation system. This matter has received significant attention, and internal monitoring and evaluation systems will be operative in all of the executing agencies and in the Network prior to the first disbursement of the Bank's resources. The Network has also sought to strengthen local monitoring structures, or citizen oversight committees (*veedurías comunitarias*), as most of the projects are quite small and the executing agencies do not have a significant local presence. An external evaluation of the program throughout implementation, performed by a network of regional universities, will complement the monitoring and evaluation systems of the executing agencies and the Network and generate information on the program's overall impact.

Another major risk to the program is that the resources will not reach the beneficiaries. Local leaders could exert undue influence in the selection of beneficiaries or appropriate the funds for themselves, and this would only be detected at the time of the ex post evaluation. This risk is

somewhat managed by the presence of delegates of the Network in the regions, who are responsible for working closely with the departments and municipalities in distributing resources and in assuring that the community actively participates in all stages of implementation. The Network will be following a methodology of community participation used successfully by the National Rehabilitation Plan during more than 10 years in about half of the country's municipalities. If the Network or the executing agencies detect any problems at the municipal or departmental level, they are authorized to withhold future disbursements.

**EXCEPTIONS TO  
BANK POLICY:**

The program would be authorized to retain - without competitive tendering - the Centro Interdisciplinario de Estudios Regionales [Interdisciplinary Center for Regional Studies] (CIDER) of the Universidad de los Andes as technical secretariat of the group of regional universities responsible for the external evaluation, given the center's experience in this area and the amount of time it invested in 1995 to organize the external evaluation network. Participating universities would be selected on the basis of criteria proposed by CIDER and accepted by the Network (see paragraph 3.36).

**SPECIAL  
PROCEDURES:**

It is recommended that consulting contracts financed with Bank or counterpart funds and valued at US\$50,000 or less be concluded in accordance with national legislation. The executing agency is to inform the Bank of all such contracts. The Bank reserves the right to review the names and background of all consultants selected and may, if it sees fit, object to the use of program resources for financing a given consultant. Participation will be open to consultants from any Bank member country (see paragraph 3.54).

To make program administration more efficient (given the high number of small-scale projects, each of which will have its own justifying documentation for expenses), loan proceeds may be disbursed against the investment plan for the respective year, as agreed upon by the Bank and the Network, on the basis of the budget authorization for each component and the "indicative budget" assigned to each department. The local government units will present their justifying documentation either to the executing agencies or to the regional evaluation and monitoring bodies, whichever procedure is agreed upon. These documents will be available to the Network, the Bank and the external auditors, and will be reviewed by the Bank

on a random-sampling basis (see paragraphs 3.45, 3.46 and 3.47).

**THE BANK'S  
COUNTRY AND  
SECTOR STRATEGY:**

The program is consistent with the Bank's strategy in Colombia, as defined in the country paper approved in March 1995. The strategy consists of supporting programs that assist the neediest segments of society not only through increased social spending but also by promoting service efficiency and equity. Through this operation, the Bank will participate in an effort to reduce absolute poverty, take action vis-à-vis the social crisis that is evidenced by the high incidence of violence, and help promote the decentralization process and contribute to the institutional strengthening of various key national executing agencies.

**POVERTY TARGETING  
UNDER THE EIGHTH  
REPLENISHMENT:**

All the Network's programs are geared toward improving the quality of life of the poorest and most vulnerable sectors of Colombian society. Since this is a social program that benefits low-income groups exclusively, it satisfies the criterion of targeting the poorest of the poor, in keeping with the mandate of the Eighth Replenishment.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Conditions precedent to first disbursement under the program:

- a. The monitoring and evaluation system must be in operation (see paragraph 3.37).
- b. The criteria for evaluating the environmental impact of the different types of Network projects must be approved and the resumé of the environmental specialist who will be hired to work within the Network must be supplied (see paragraph 4.20).
- c. The general operating regulations must be approved and implemented (see paragraph 3.24).

Conditions precedent to first disbursement under each component:

- a. The operating regulations for the respective program must be approved and implemented (see paragraph 3.24).
- b. In the case of the Vivir Mejor program, the Caja Agraria must demonstrate the institutional capacity needed to execute the program by achieving the goals agreed upon by the Network and the Bank (see paragraph 2.40).

Contractual conditions:

- a. Once each year, starting with the year in which the first work is completed and up to the year in which final disbursement is made, the executing agency is to include in its semiannual progress report an account of project maintenance and of the measures taken to correct any problems identified on the basis of a sample-based evaluation of the executing agencies of the respective programs; up to and including the fifth year following the final disbursement, the executing agencies of the respective programs are to assess the maintenance status of Network-funded works and take any measures necessary to solve problems detected (see paragraph 3.52).
- b. The environmental specialist is to be hired within the 30 days following the Bank's approval of the resumé and terms of reference, and the semiannual progress report is to indicate once each year the extent to which the environmental protection measures and procedures have been carried out, including recommendations on how to improve projects' environmental performance (see paragraph 4.20).
- c. The program's audited financial statements are to be presented within six months of the end of the fiscal year (see paragraph 3.48).
- d. Thirty days before the annual meeting, a list is to be presented to the Bank showing the resources assigned to the municipalities, by program, and the projects financed during the previous year, as well as the investment plan for the following year (see paragraph 3.46).
- e. For works associated with public utilities, the agreements between the program's executing agency and the local government unit are to stipulate that service providers must receive enough income to cover the cost of operating and maintaining program-financed works (see paragraph 3.52).
- f. In order for the urban employment and vocational training program to continue to be eligible to receive loan proceeds, the vocational training subprogram must commence its activities before the end of the first half of 1996 (see paragraph 2.10).
- g. Funds will be advanced in an amount equivalent to the investment plan for the respective year, as



agreed upon by the Network and the Bank (see paragraph 3.50).

- h. Prior to the beginning of the second year of program execution, the Bank is to receive a proposal on the arrangements for reassigning program resources from one component to another during a given fiscal year (see paragraph 3.21).
- i. During the first half of 1996, the operating regulations of Network programs that do not receive financing or a local contribution are to be agreed upon with the Bank and put into effect (see paragraph 3.24).

## I. FRAME OF REFERENCE

### A. Economic management and trends in public social spending

- 1.1 Colombia has earned a reputation for prudent macroeconomic management. During the so-called "lost decade" of the 1980s in Latin America, Colombia kept up an average annual growth rate of 3.5% by instituting adjustments to minimize the effects of the international recession and the drastic fluctuations in coffee and oil prices. Starting in 1990, the country accelerated structural reforms in the areas of foreign trade and foreign investments and in the financial and job markets, and it took steps to lower inflation, which by December 1990 had reached 32%. However, the increase in domestic interest rates that followed in 1991 and 1992, at a time when international rates were much lower, triggered an influx of foreign resources into the country, which resulted in a considerable revaluation of the real exchange rate.
- 1.2 Revaluation and trade liberalization both took a particularly severe toll on rural areas, where a number of important sectors suffered as a result of the increased competition from imported products, the dismantling of the domestic price protection system and the serious financial and administrative problems that the Caja Agraria (the country's main farm credit bank) was having. For the economy in general, the structural changes led to higher productivity and efficiency and an economic growth rate of over 5% per annum from 1993 to 1994, bringing new job opportunities and higher real wages but doing little to reduce the number of Colombians living in absolute poverty.
- 1.3 The present administration, which took office in August 1994, has been very clear about its determination to reduce poverty, which it aims to achieve by making social spending more efficient and equitable and by increasing productivity in a climate of economic stability. The administration's program for the 1994-1998 period, known as the *Salto Social* [Social Leap Forward] program, is geared toward gradually increasing investments in infrastructure as well as spending on social sectors, which is expected to go from 10% of GDP in 1994 to around 13% by 1998, or the equivalent of 41.8% of total public spending for the 1995-1998 quadrennium (as compared with 36.9% for the 1991-1994 quadrennium). The present administration's social programs are mainly intended to target social spending at the population's neediest groups, to strengthen institutions that run social programs and to ensure community participation in all phases of the project cycle. Any increases in social spending will depend on the success achieved in other areas, especially as concerns strengthening the institutions responsible for social programs and the macroeconomic objectives mapped out for the quadrennium.

- 1.4 The government has set ambitious macroeconomic goals for itself, which include a sizable reduction in the inflation rate and an average annual economic growth rate of 6% for the next four years. The government has also declared that social policy and economic policy are indivisible, so that the plans for each must necessarily consider the potential impact on the other.
  - 1.5 This means keeping a tight control on public spending, which has taken the form of a series of budget cuts (three since the present administration took office). The size of the most recent budget cut (effected in mid-1995 and equivalent to 0.8% of GDP) is an example of the administration's determination to continue to manage basic economic variables prudently, regardless of the sacrifice. Although 78% of that budget cut focused on investments (which were reduced by 6%), the relative impact was felt mainly by the government bureaucracy (20%), justice (15%), the environment (13%), agriculture (10%), and national defense (10%); by contrast, science and technology (5%), infrastructure (4.5%) and the social sectors (4%) all sustained smaller cuts, indicative of the administration's intention not to affect the spirit of the National Development Plan. These cuts, however, might affect the chances of achieving the goal of having social spending represent 13% of GDP by 1998.
- B. Institutional context: recent developments in the decentralization policy
- 1.6 Colombia is one of the Latin American countries that has moved farthest ahead with its decentralization process. There is, however, another side to the fast pace at which departmental and municipal governments came to have a greater share in decision-making and public responsibility, and that is that some of them do not have the necessary technical and administrative capacity for their new role. At the present time, they receive a 38% share of the central government's current revenues (23% and 15%, respectively), a figure that will increase to over 45% by the end of the decade. To this must be added the royalties from the exploitation of natural resources like oil. Revenue-sharing with the municipalities and departments is intended as a means to combat poverty through better education, health, and water supply.
  - 1.7 Cofinancing is another form of cooperation between the national and local governments whereby nonreimbursable funds from the national budget help to finance works and services in areas under local jurisdiction in which the nation has a particular interest. This financing format contributes resources but also requires a monetary counterpart from the receiving agency as well as local effort in executing the project. The purpose of cofinancing is not just to provide funding for works and services of local interest but also to help keep these works on a reasonable scale, to promote and consolidate a project-minded culture, decentralize the contracting process and enhance evaluation of investments at the local level.

- 1.8 To meet the deadlines stipulated in the 1991 Constitution, the government launched a series of rapid institutional and legislative reforms that had an uneven effect on the pace and nature of the decentralization process. Prominent among the recent legislation is Decree 2,132 (1992), which created the National Cofinancing System (SNC) by reorganizing and merging national-government offices and departments. The SNC is composed of four national cofinancing funds: the Social Investment Fund, the Rural Investment Cofinancing Fund, the Highway Infrastructure Cofinancing Fund, and the Urban Infrastructure Cofinancing Fund. Decree 2,132 eliminated the funds' departmental management offices (which had a particular impact on the Rural Investment Cofinancing Fund) and in their place created Departmental Cofinancing Units (UDECOs). The UDECOs are attached to the departments and have the following functions: (a) to promote the National Cofinancing System; (b) to do technical evaluations for projects of the department's local governments, which are to be submitted to the cofinancing funds; and (c) to monitor projects financed under the funds.
- 1.9 In 1995, the task of evaluating and monitoring SNC investments began to be delegated to the UDECOs. To coordinate this process, in February 1995 the National Cofinancing Committee was created. Sitting on the committee are the cofinancing funds, the ministries that have traditionally determined the basic guidelines of the funds, the National Planning Department, a representative of the Vice President of the Republic, and the Social Solidarity Network. The committee is in charge of ensuring coherence, homogeneity and operationality in SNC operations and advising on the design and implementation of strengthening and support strategies at the local level. The SNC's 1995 appropriation is the equivalent of US\$613.5 million.

C. Poverty in Colombia

- 1.10 Over the last two decades, sustained economic growth and relative macroeconomic stability helped lower the percentage of Colombians living in absolute poverty (people whose income is below the commonly accepted minimum subsistence level) from 24% in 1978 to 18% in 1993. However, because the population growth rate in that same period was 30%, the number of people living in absolute poverty remained stable at 5.8 million. <sup>1/</sup>
- 1.11 The poverty problem is worse in certain regions of Colombia, namely on the Pacific and Atlantic coasts and in the eastern plains. Life expectancy in the department of Chocó, for instance, is 16 years less than it is in Bogotá, while infant mortality there is 82.3 per

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<sup>1/</sup> Report on Poverty in Colombia, World Bank, 1994 (based on data from a September 1992 survey taken by the Departamento Administrativo Nacional de Estadística).

1,000 live births, which is what the national average was 20 years ago. According to the government's unmet basic needs (UBN) classification system, 47% of the population (17 million Colombians) suffer from having at least one of their basic needs unmet. The UBN index is based on five indicators: (a) lack of adequate housing; (b) lack of access to basic public services, such as electric power, water supply and sanitation; (c) overcrowded housing (more than three people per room); (d) school-age children not attending classes; and (e) a high number of dependents for every wage-earner (more than three).

- 1.12 Absolute poverty is more acute in rural than in urban areas. In Colombia, 70% of those living in absolute poverty dwell in rural areas, even though these areas account for only 25% of the country's total population. Between 1973 and 1993, the percentage of families with some unmet basic need dropped from 59% to 20.6% in municipal seats, while in rural areas the percentage dropped from 88% to 59%. <sup>2/</sup> Moreover, according to the *Report on Poverty in Colombia*, those living in absolute poverty in rural areas are even poorer than their urban counterparts, with average incomes 43% below the minimum subsistence level, as compared to 31% below the minimum in the case of the urban poor.
- 1.13 On the other hand, recent years have seen a marked improvement in certain basic social indicators, such as better educational levels (coverage of primary education increased by 75% between 1965 and 1985) and a drop in the population growth rate. Behind these figures, however, lie some very different realities: Colombian families living in absolute poverty have twice as many children as families in better economic circumstances; their heads of household are younger; and they have, on average, half as many years of schooling. <sup>3/</sup>
- 1.14 The incidence of poverty is twice as high in households headed by a single parent; 84% of these are headed by women. Women are also particularly hard hit by unemployment. In 1976 the unemployment rate among women was 20% higher than it was among men, and in 1991 it was 77% higher. Unemployment among young females is 1.65 times higher than for males in the same age group. <sup>4/</sup>
- 1.15 The poorest areas of Colombia are the very same areas that have been besieged by various forms of political and social violence. Guerrilla movements, paramilitary groups and armed groups

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<sup>2/</sup> The *Salto Social* [Social Leap Forward] Development Plan for the period 1994-1998, Office of the President of the Republic, National Planning Department, 1995.

<sup>3/</sup> *Report on Poverty in Colombia*, World Bank, 1994.

<sup>4/</sup> *Impact of the Policy of Openness and Modernization on Employment and Productive Activity among Women (in Colombia)*, Inter-American Development Bank, 1993.

associated with drug trafficking are phenomena with deep historical roots, including the latent inconsistencies between economic and social policies and limited means for the peaceful resolution of differences.

D. Experience in combating poverty and working for peace: the National Rehabilitation Plan

- 1.16 Law 135 (the Amnesty Act) was enacted in 1982 as part of the negotiations launched by the government with the Colombian guerrilla movement. The law set forth a National Rehabilitation Plan (PNR) aimed at correcting inequalities in levels of regional development (caused by excessive government centralism and the resulting exclusion of communities from decisions that affected their development potential) and in response to the grassroots movements that were gaining strength as a means of asserting social demands. The PNR represented a strategy to legitimize the State in areas with the highest UBN indices and in areas plagued by widespread law-and-order problems.
- 1.17 Through the PNR, a fund was set up to distribute resources among participating municipal governments for use in addressing communities' needs and promoting their participation. The PNR encouraged the holding of public assemblies and the format of community participation for identifying projects designed to meet priority needs and for developing and running community-identified projects. This association between the State and poorer communities shed light on relevant problems and possible solutions and spawned new ideas for setting priorities in resource allocation, in negotiating and reaching agreements, in geographic targeting, in administrative coordination, and in supervising social spending through citizen oversight committees. <sup>5/</sup> The new concept of social action being promoted by the Network can be traced, then, to this model of participatory government that is being promoted by the PNR and to the 1991 Constitution and subsequent elaborations thereon.

E. The Social Solidarity Network

- 1.18 The Social Solidarity Network was created in August 1994 in response to the country's poverty problem, to the inadequacy of State action in many of the poorest communities and to the mandate established in the 1991 Constitution to assist the most vulnerable segments of the population. As an integral part of the State's social policy, the Network is not a replacement for traditional programs in education, health, social security, employment,

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<sup>5/</sup> The citizen oversight committee is mandated in the 1991 Constitution and is a citizen-run, democratic instrument for social control and organization. It is separate and independent from the State and from control agencies.

vocational training and housing, but rather is a means to complement and support them. The Network targets the poorest of the poor through combined efforts involving State institutions, private enterprise, NGOs and the organized community. In the document authorizing the establishment of the Network, 6/ the National Economic and Social Policy Council (CONPES) estimated that its programs will benefit the 12 million Colombians who have at least one unmet basic need and monthly incomes less than 1.7 times the minimum subsistence level. 7/

- 1.19 By having the community participate in decisions on such issues as needs and project priorities and the allocation of State resources, the Network hopes to improve the climate of social coexistence, promote solidarity and aid the peace process. Implementation of the Network has been coupled with an intensive effort on the part of the State to negotiate with public, private and nongovernmental groups experienced in the area of social solidarity.
- 1.20 Thus, the Network can be viewed as a coordination mechanism that offers a fresh approach for State action vis-à-vis the country's main social problems. The Network's basic objectives are: (a) to reach the poorest and most vulnerable segments of the population with an eye to improving their quality of life and enhancing their capabilities; and (b) to promote a new concept of social action whereby the State and society share responsibility for measures undertaken jointly on behalf of those who have benefited least from economic and social policies.
- 1.21 The Network includes a number of previously existing social programs in the areas of housing and basic sanitation, nutrition, employment and training, as well as some new programs that include services for the indigent elderly, pregnant and nursing women, dependents of female heads of household, indigent urban youth, and people who gather recyclable materials. For some of the existing programs, creation of the Network not only meant a change in working methods and target populations but also a significant increase in funding allocations. Although the resources of the Network will be combined with those of other government programs, the benefits of Network programs will be targeted at the most disadvantaged sectors and resource allocation will be done via a special mechanism that is described in chapter III.

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6/ *Red de Solidaridad Social*, document CONPES 2722-DNP: UDS-Misión Social, August 10, 1994.

7/ The minimum subsistence level, which is a regional figure, is calculated by the Departamento Administrativo Nacional de Estadística based on surveys conducted in 33 urban areas and four rural zones. The levels reflect regional cost-of-living differences and in 1992 were set between US\$25 and US\$33 per month. The levels represent approximately 50% of per capita monthly income in rural areas and 25% in urban areas.

- 1.22 Having started in the last quarter of 1994, the Network will make investments totaling around US\$1.6 billion – almost 10% of all social investment – during this administration's four years in office (1994-1998). In the 1996-1998 period, US\$1.255 billion will be invested; of that amount, housing programs account for 44%, health and nutrition 35%, and employment and training 16%. The balance will be used to finance small-scale education programs and initiatives for the most disadvantaged sectors. For 1995, the equivalent of US\$253 million has been budgeted for the Network. The Bank will lend financial support to this program starting in 1996. Municipal and/or community participation in financing is required under almost all the programs. The percentage of the municipal government's contribution will depend on its classification and on the program; it will run anywhere from 10% to 40% of the project's cost. To implement the program, the Network will operate through nine national executing agencies that are experienced in projects of this type; five programs will be carried out directly through the municipalities and departments and through contracts with the private sector and NGOs. During this project's preparation, the Bank negotiated separate operating regulations with the Network for each component. These operating regulations will apply to all programs starting in 1996, although some of the prenegotiated regulations for certain programs began to be implemented this year.
- 1.23 The Network does not entail setting up any new agency to be specifically in charge of its execution; instead, it is based on already-existing official institutions. To ensure unity, cohesiveness and coherence in its policy, however, a special administrative structure was put together, called the General Management Office of the Social Solidarity Network. The office draws on two existing structures within the Office of the President of the Republic and the staff and infrastructure of the PNR and the Social Solidarity and Emergency Fund. The Network adopted a special procedure for allocating its resources that emphasizes its guiding principles of targeting the poorest of the poor, community participation and support for decentralization. The following chapters describe the structure and functioning of the Network in greater detail.

F. Bank experience and strategy

- 1.24 The Bank's strategy in Colombia, as set forth in the country paper approved in March 1995, singles out support for programs that assist the most disadvantaged social sectors and those that promote environmental protection. Accordingly, more social spending will have to be financed, and services will need to be made more efficient and equitable through support for institutional development and improved productivity. The operation described in this document would mean that the Bank would be participating actively in the present administration's most important program. It would also give the Bank a role in the principal initiative for



reducing absolute poverty in Colombia, responding to the social crisis that is evidenced by the high incidence of violence, and helping to consolidate the country's decentralization and institution-building processes.

- 1.25 The Bank has limited experience in Colombia with programs of the kind planned under this operation. The exception is rural development, for which the Bank has approved three operations since 1977, executed through the Rural Investment Cofinancing Fund (DRI). The most recent one, cofinanced with the World Bank, was approved in late 1990 but has run into implementation problems; thus far, only 60% of the Bank's financing has been disbursed. The problems encountered can be attributed to two basic factors: (a) municipalities and communities have received little assistance to identify, prepare, implement, monitor and evaluate projects; and (b) problems have arisen in connection with delays in the approval and financial supervision of investments. Many of the difficulties are related to the decentralization process under way in the country (Law 2,132 of 1992) and the problems experienced with launching and strengthening the UDECOs. The government has been working hard this year to address the SNC's problems, and this should help remedy the problems associated with execution of the DRI loan. The Bank is also currently studying an operation to assist the decentralization process, targeted at correcting the fiscal, administrative and technical weaknesses of the local governments.
- 1.26 In 1994, the Bank approved the Pacific Coast Sustainable Development Program (the Pacific Plan) which funnels resources - mainly through the SNC - to 38 municipalities in four departments on Colombia's Pacific coast, the region with the highest poverty indices. The program is flexible concerning the allocation of resources to specific components or projects, and it channels investments toward institutional development, education, health, environmental sanitation, sustainable use of renewable natural resources and land management. The Pacific Plan and the present operation complement and bolster each other, which means that there will be a significant level of resources and institutional support available for Colombia's most distressed region.

G. Experience of other international organizations

- 1.27 The World Bank has operations in progress with two of the Network's executing agencies: the DRI (in a cofinancing operation with the IDB) and the Instituto Colombiano de Bienestar Familiar [Colombian Family Welfare Agency] (ICBF). The ICBF is completing execution of a World Bank-financed program for community child care centers; a new stage is currently under study which would upgrade the ICBF's monitoring and evaluation system. Bilateral support for a wide range of projects promoting social development in Colombia has been received from various countries and United Nations agencies (the United Nations Development Programme [UNDP], the World Food

Programme, and UNICEF). The Network will afford a suitable institutional scenario for coordinating these initiatives, which are at times somewhat disjointed. Presently, the UNDP is providing specialized technical advisory assistance to the Network's management.

## II. THE PROGRAM AND THE EXECUTING AGENCIES

### A. Objectives

- 2.1 As part of a long-term strategy for reducing poverty, the Network can be viewed as a fresh approach to social action in which the State and society join forces to tackle the country's social problems. The Network's basic objectives are: (a) to improve the quality of life of the poorest and most vulnerable sectors of the population by tapping their capabilities and initiatives so that they are able to pull themselves up out of poverty; (b) to ensure coordination, coherence and effectiveness among the Network's various social programs; (c) to improve the coverage, accessibility and quality of social services and the performance of the institutions responsible for the Network's social investments in the poorest and most vulnerable sectors of the population through a comprehensive approach; and (d) to enhance the government's ability to take action on social problems and to move forward with decentralization and modernization of the State in this area, while promoting organized community participation in the targeting, monitoring and evaluation of investments.

### B. Guiding principles

- 2.2 The principles governing the work of the Network are: (a) **transparency** in identifying and selecting beneficiaries and managing resources; (b) **validation** or acceptance of the Network's decisions by the various social actors; (c) equity in the use of resources where the poor population is largest; (d) **justice** in selecting the poorest, weakest and most vulnerable beneficiaries; (e) **participation** by society in all aspects of the program; (f) **concentration and complementarity** of the program's components to improve the return on investments and give the beneficiaries social mobility; and (g) **management and control** to guarantee quality, responsiveness and transparency in delivering services.
- 2.3 Targeting and community participation are crucial to the success of the Network's programs. Also important is Network support for administrative decentralization of the local governments, bearing in mind that decisions on project types, beneficiaries and project management and execution are taken at that level (in keeping with the operating regulations of the programs), and that cofinancing is required from the local governments. The Network has an instructive effect by promoting joint work between government authorities and the poorest segments of society, as well as cooperation among the various agents of development, and more modern administration of local governments. Decisions on projects and their preparation and execution are the responsibility of the local governments, working in conjunction with officials of the national executing agencies and the Network and with technical

advisory assistance from public, private and associative organizations. Implementation of the monitoring system will facilitate this dialogue.

C. Description of the Network's components

- 2.4 The Network covers the programs described below. Table II-1 presents the estimated budget for each program during loan execution. Annex II-1 shows the Network's scheduled investments for the 1994-1998 quadrennium, the number of beneficiaries, and the historical budgets of the respective executing agencies. Annex II-2 presents a graph depicting the Bank's participation in financing the Network. Budget amounts show only the national government's investment in the program and do not take into account contributions from the local government or beneficiary communities.

1. Urban employment and vocational training

- 2.5 The urban employment and vocational training program (PGEU/CL) will be administered directly by the Network and is designed to improve the quality of life and generate temporary income for the poor through two lines of action: (a) small-scale works-and-services projects that are of municipal interest (taken from local development plans whenever possible) and that make heavy use of unskilled labor; and (b) job training in the form of courses that include on-the-job training and are designed to increase the beneficiaries' chances of finding a job that will produce a steady income. For the line of small projects, financing could be provided for projects designed to offer a timely response to specific, short-term drops in urban employment.
- 2.6 Under the program, which will be carried out in cities having populations of over 20,000 inhabitants, beneficiaries would participate for an average of six months. Program beneficiaries working temporary jobs in program-financed projects would receive day wages, while those who enroll in job-training programs would receive stipends.
- 2.7 For both the job creation and the vocational training activities, the program will include self-targeting mechanisms (covering as well the amounts paid in wages or stipends) so as to be attractive only to the Network's target population. Beneficiaries of the job-creation component will sign service or works contracts, or they may be subcontracted; they will be paid day wages that are either less than or equal to (as a maximum) the average paid for unskilled labor in the area. Making adjustments for the program's operating regulations, projects will follow the SNC's cost-efficiency criteria, earmarking at least 30% of the project total to cover labor costs, with the remainder going for machinery and equipment, materials, inputs and technical assistance. To ensure that program resources are not spread too thinly, the minimum allocation at the municipal level will be set at an estimated Col\$50 million

(approximately US\$60,000), and the minimum for cofinanced projects will be Col\$25 million per project. Under the vocational training subcomponent, measures have been taken to ensure that women will account for an increasingly larger share of the beneficiaries, with a target of 50% set for 1998; for the subcomponent on infrastructure and services of municipal interest, the target has been set at 30%.

a. Subprogram for infrastructure and services of municipal interest

2.8 The following types of infrastructure projects will be eligible: (a) **community infrastructure**: construction, reconditioning or upgrading of schools, sports and cultural facilities, health centers, health posts, hospitals, multipurpose community halls and public tourism areas; (b) **urban environment**: construction, reconditioning and expansion of water supply systems, sewer systems, and public and recreational areas; (c) **prevention**: disaster prevention works in high-risk areas; and (d) **urban streets**: construction and improvement of streets and walkways.

2.9 The following types of service projects will be eligible for financing, provided they are geared to long-term maintenance of the service once the program is completed: (a) maintenance of community infrastructure works, parks and green areas; (b) conservation and protection of ecologically threatened and disaster-prone areas; and (c) trash collection and treatment, and cleanup activities.

b. Vocational training subprogram

2.10 The vocational training subprogram, an integral part of the urban job creation and job training program, (PGEU/CL), is currently in preparation. In order for the PGEU/CL component to continue to qualify to receive funding under the loan, this subprogram must become part of the program and commence activities before the end of the first half of 1996. 8/ Training is to be given by private institutions or NGOs and will be coordinated by the Servicio Nacional de Aprendizaje [National Training Service] (SENA). The job-training program will be implemented gradually, beginning with the country's five largest cities (Bogotá, Medellín, Cali, Barranquilla and Bucaramanga) and one middle-sized city, and will gradually spread out to other middle-sized and smaller cities.

2.11 SENA will draw up a roster of private and decentralized public training institutions that are eligible to participate in the program. The roster should rank the accredited training institutions accordingly and should be updated constantly.

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8/ See contractual clauses.

Accreditation will be based on an institution's technical expertise as measured by preestablished quality standards, and should be confirmed by the appropriate community-level authority, taking into account the institution's work experience with the community and its ability to work with agencies or institutions that have a local presence.

- 2.12 A key element of the program's design is that the areas and content of the courses to be offered will not be determined in advance: the training institutions will design their courses to include on-the-job training to ensure their relevance to the employment opportunities available to participants. Therefore, proposals should include some indication or statement of a specific business's willingness to provide course participants with an average of three months' work once the course is completed. This way, training activities will only be held if employment opportunities for potential beneficiaries are identified. The training institutions' decentralized search for job opportunities should continue for the duration of the component's execution, as a means of keeping a constant eye on what businesses are looking for and to be able to see when the market for certain jobs is saturated and other new opportunities are emerging.

## 2. Rural employment

- 2.13 The purpose of the rural employment plan (PGER) — which will be executed by the municipalities and administered by the DRI with help from the Ministry of Agriculture and Rural Development — is to carry out rural development works that will have an impact on communities' economic and social development and that by their nature make intensive use of unskilled labor. As with the PGEU/CL, pay will be below or equal to the average level for unskilled labor in the region and at least 30% of the project's total cost will be earmarked to cover the wages for this type of labor. Making adjustments for the program's operating regulations, the SNC's cost-efficiency criteria will be followed and the minimum amounts to be assigned at the municipal and microregional levels will be established.
- 2.14 This program will: (a) help correct structural rural employment problems by means of projects that increase productivity and create new job opportunities in rural areas (flood control, access roads, pest control and eradication, etc.) and that, whenever possible, are already part of the target areas' municipal development plans or the four-year development plans negotiated with the community and established for the rural microregions that the PGER targets; and (b) cofinance projects that make intensive use of unskilled labor as a means of reacting swiftly to temporary, localized drops in rural employment by stimulating the demand for unskilled labor in areas experiencing short-term problems.

- 2.15 The local governments will be responsible for project preparation and will be advised and assisted by a variety of public and private agencies at the national and departmental levels. The following types of projects will be financed: (a) agricultural health control; (b) organization of women's groups to enhance their job opportunities; (c) conservation and protection of the environment and mitigation of environmental impact; (d) construction, improvement and reconditioning of roads, bridges, overhead cableway lines and cleaning of various waterways; and (e) water supply, excreta disposal, wastewater treatment and recycling, and waste management and treatment. While the project does have one component that will directly benefit women, measures will be taken to make certain that women will benefit from the other types of projects as well. The goal is that at least 30% of the program's beneficiaries be women.
- 2.16 In keeping with the SNC structure, the UDECOS will be responsible for ascertaining project viability and supervising execution. Progress will be evaluated on the basis of a sampling done by the DRI. The PGER's coordinators from the Ministry of Agriculture and Rural Development will check to ensure that the principles and purposes of the program are being observed and will establish an information system to measure impact.
- 2.17 The DRI's institutional capacity to execute the PGER was one of the major factors analyzed during preparation of this component. Because of problems detected in the handling of accounting information and in the DRI's internal operational and financial control system, as well as the delays in getting funds to the executing agencies, the Bank did a series of evaluations of the DRI to ascertain the nature of the existing problems and suggest ways to strengthen the agency administratively and institutionally.
- 2.18 Until the SNC's establishment in 1992, the DRI operated through departmental-level regional offices that were in charge of programming, promoting, executing, evaluating, monitoring and overseeing the agency's projects. These regional offices were the DRI's conduit for communicating with the local governments. When the SNC was created, the DRI's geographic coverage was expanded considerably; its functions became those of a cofinancing fund, and its regional offices were replaced by the UDECOS. Many of the problems with the monitoring and control of DRI-financed projects were due to delays in the startup of the UDECOS and to the disappearance of the DRI's regional presence as of 1993. The new requirement that DRI cofinancing resources be managed by a trustee held up approval of the financing agreements with the municipalities and caused delays in disbursements in 1994.
- 2.19 With support from the IDB and the World Bank, the new DRI management that took over in November 1994 has been actively pursuing a series of reforms designed to correct these problems and substantially enhance the DRI's operating efficiency. While those

changes have considerably improved the central accounting system, still more steps are being taken to consolidate the SNC and strengthen the UDECOS, such as designing and implementing a suitable project control and monitoring system.

- 2.20 The importance of the PGER (which has been under way since September 1994) can be appreciated by the considerable level of institutional support it receives from the Network and from a coordinating unit at the Ministry of Agriculture and Rural Development. The Ministry is presently developing a system to monitor and evaluate the program which will supplement the measures that the DRI is taking in this regard. This effort has made it possible to remedy - during the PGER's execution - many of the problems with the DRI's overall operation, as reflected by the percentages of the component's 1994 resources that have been committed and disbursed (almost 100% and 50%, respectively, as of mid-1995).
- 2.21 As a result of the preparation of this program and the missions to administer the Bank's loan to the DRI (Rural Development Investment Program [608/OC-CO], cofinanced with the World Bank), a series of agreements was reached with the DRI as part of that operation to improve the institution's internal control system. Those agreements included the following: (a) strengthen the internal monitoring unit until the UDECOS take over; (b) support the DRI team that assists the municipalities in presenting documents to justify the use of cofinancing resources; (c) strengthen the DRI's internal auditing and do external audits on an interim basis over the next two years; and (d) in the planned re-engineering study, cover internal controls and retention of qualified staff. The annual management meetings for this program will examine the progress made with respect to these activities.

### 3. Improvement of urban housing and slum upgrading, and construction of new housing

- 2.22 The purpose of this program is to deal with overcrowding and unsanitary housing and habitat conditions in urban areas having populations of over 2,500. The government's new low-cost housing policy, adopted in 1995, seeks to target State resources at low-income families. During preparation of the program, the Family Housing Subsidy System in force since 1991 was modified and a new category was established to help those families with incomes of less than two times the monthly minimum wage (approximately US\$275). This new category of subsidy will be administered, like the entire housing subsidy system, by the Instituto Nacional de Vivienda de Interés Social y Reforma Urbana [National Low-cost Housing and Urban Reform Agency] (INURBE). These resources, combined with those from the Urban Infrastructure Cofinancing Fund (FIU) - administered by Financiera de Desarrollo Territorial S.A. - and those from the Social Investment Fund (FIS) to upgrade housing and habitat environments, will partially finance the following



types of plans: (a) comprehensive improvement of housing and habitat; (b) acquisition or construction of housing solutions; and (c) construction of upper stories. <sup>9/</sup> Plans are to grant subsidies for the purchase of housing or the construction of new housing on an individual basis and only to families who live in high-risk areas or are the victims of natural disaster or violence. Through eligibility profiles and point systems, measures have been taken to give preference to households headed by women.

- 2.23 Under the **plan for the improvement of housing and slum upgrading**, beneficiary households can use the Family Housing Subsidy (SFV) to complete construction of their housing units in order to have a basic housing unit consisting of a multipurpose space with a bathroom, kitchen and area for washing clothes. With resources from the FIU and the FIS, public areas would be improved by building or upgrading roads, public utility connections, schools and health posts. This plan could also include measures to legalize property ownership and establish land titling.
- 2.24 Under the **construction/acquisition plan**, beneficiary households can use the SFV to: (a) build, either on their own or with community participation, a basic unit to which additions could gradually be made, or (b) acquire directly on the market either a basic unit or a minimum housing unit, which would have everything the basic unit has plus a bedroom. The **additional-story construction plan** will provide new, minimum housing units by building an additional story over an existing housing unit. The latter would be subdivided according to the standards governing horizontal property ownership.
- 2.25 Application for the program must be done collectively, either as a **group** - where a number of households would form a grassroots housing organization - or under a **supervised method**, where interested households would join a program run by an NGO or other public or private agency.
- 2.26 Colombian law recognizes two different types of urban property claims: **owners**, who hold a registered deed, and **good faith occupants**, who do not hold a deed but have, for over five years, peacefully occupied a property owned by a third party. After five years, good faith occupants are eligible to request definitive ownership of the property. For this program, either situation is acceptable for purposes of making investments in the occupant's favor. However, families that apply as good faith occupants will have to demonstrate that they have been on the property since at least 1989.

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<sup>9/</sup> Construction of a new, second (or third) floor over top of existing housing.

- 2.27 A diagnostic study of Colombia's housing sector was commissioned as part of the preparations for this program. The study found that while the sector's 1991 reorganization produced positive results, such as eliminating distortions (created by subsidized interest rates) in the financial sector and increasing NGO participation, the low-income strata still had difficulties accessing credit from the formal financial sector, which remained virtually out of reach for the Network's target population.
- 2.28 When designing the program, the previous experience with Colombia's housing sector was considered. Colombia was one of the first Latin American countries to develop and maintain an efficient financial system specialized in housing. One of the features of that system is the unit of constant purchasing power [*unidad de poder adquisitivo constante*] (UPAC). The UPAC is adjusted periodically to maintain its value against the domestic inflation rate, and this has made it easier for middle- and high-income families to obtain financing to purchase housing suitable for their income bracket.
- 2.29 Until 1991 the country had a State institution, the Instituto de Crédito Territorial [Home Credit Agency] (ICT), that handled the needs of the low-income strata. The ICT planned, designed, built, financed and assigned housing, and offered subsidized interest rates. However, because of the agency's overall inefficiency and the fact that its loan portfolio was almost entirely in default, the government dismantled it and mapped out a new State strategy for society's most vulnerable sectors. As a result, the SFV was designed and launched, and INURBE was set up to administer it.
- 2.30 In the four years it has been in existence, INURBE has allocated 180,000 subsidies, for a value equivalent to US\$260 million; over half of these have already been used to produce housing solutions. Since the program will basically be executed by the municipalities, it will receive support from INURBE's regional offices; accordingly, a plan has been designed to strengthen these offices and is being carried out over the course of 1995.
- 2.31 The amount of the subsidy a household would receive under the program will depend on the plan type, the cost of the solution required, and the size of the city where the housing is located. The maximum amounts will be US\$2,400 for new homes and US\$1,500 for home improvements. This will not only ensure that the focus remains on the lower-income strata, but it also implies a cost-effectiveness evaluation since these amounts represent cutoff limits. The minimum contribution from the households would be 5% of the value of the solution, and could be provided in the form of money or labor. Municipalities will cofinance a share ranging from 10% to 40%, depending on the category or financial situation of the municipality.

#### 4. Parks and recreational areas

- 2.32 The purpose of the parks and recreational areas program (Recrear) is to create an integrated environment in housing areas targeted by the Network by providing them with common areas for recreation, cultural events and community gatherings. The program has been designed in such a way that once the Municipal Solidarity Forum has earmarked the funds, the target population will have several options available and can decide which of them best meets its needs based on the community's characteristics and its ability to administer and ensure the continuity of the project.
- 2.33 Program funds may be used for recreational activities and projects that involve construction, reconditioning, modernization, improvement or outfitting of community or institutional facilities to be used for sports, cultural events, recreation or community gatherings, such as multipurpose sports fields, libraries, playgrounds for children, and the like.
- 2.34 When considering requests for program funding, priority consideration will be given to the following criteria: (a) areas with the highest concentration of poverty-stricken neighborhoods; (b) areas with community- or municipality-owned properties; (c) areas targeted by other Network programs; and (d) municipal or local plans that identify recreational needs. In all cases, the minimum amount per project would be the equivalent of approximately US\$8,000 in order to ensure effective results. Municipalities are to contribute at least 10% of each project's total cost, which could be in the form of land, site preparation, inputs, designs, etc.
- 2.35 The Network will administer the program. The UDECO will review all projects and send them to the Network for official approval of the investment and for preparation of the respective contracts. The projects can be executed directly by the department or municipality concerned, subcontracted to the private sector, or handled through an NGO.

#### 5. Basic sanitation and improvement of housing in rural areas

- 2.36 The purpose of this component (the Vivir Mejor program) is to improve housing and sanitation conditions among the rural population and in municipal seats having populations of less than 2,500 inhabitants. Accordingly, the program activities are aimed at upgrading: (a) water supply and excreta disposal services; and (b) structural conditions, such as roofing, walls, floors, kitchens and toilet units. New housing solutions would be built only in exceptional cases, for instance in areas hit by natural disaster, or relocation away from high-risk areas, areas affected by agrarian reform, or areas plagued by violence.

- 2.37 Since its creation in 1991, the program has been executed by the Caja Agraria's Housing Department, a responsibility it was given because of its nationwide presence. The background information compiled on the management and results of the program to date point up a number of institutional and technical problems, as well as problems with execution capacity. Between 1991 and 1994, over 1,400 projects were approved for the Vivir Mejor program, for an approximate value of US\$150 million. An evaluation done in June 1995 on the status of those projects, however, found that around 1,000 were significantly behind schedule in their disbursements.
- 2.38 According to the study done on the Caja Agraria, the causes for this are both external and internal. The external causes include mayors' lack of familiarity with the program, difficulties with inspectors, lack of technical assistance for municipalities and communities, and the limited abilities of the persons responsible for the projects. The following were cited as some of the internal reasons for the Caja Agraria's problems: an inappropriate view of how to manage the program at the time it was established; delays in establishing the new central and regional structure; lack of a reliable information system; poor channels of communication between the central office and the regions; slow internal procedures; and centralization of program management in Bogotá.
- 2.39 To address this situation, early this year the Caja Agraria - with support from the Network and from the Bank - launched a reorganization plan that set up a new institutional structure at both the central and regional levels by creating eight regional offices and strengthening the professional staff. The following needs were also identified: (a) internal procedures and procedures for the selection of inspectors need to be reviewed and adjusted; (b) computer programs for managing, overseeing and monitoring projects need to be designed and installed; and (c) projects in preparation and in execution need to be placed back on schedule. These measures were launched in March 1995 and will continue through the first half of 1996.
- 2.40 Given the importance of this program and the efforts made to deal with this situation, even though at the time of the analysis mission an adequate institutional capability could not be demonstrated, the view is that it is important to help the country redesign the program. Accordingly, agreements were reached with the Caja Agraria and the Network on the specifications and timetable for the reorganization plan. Implementation will be monitored closely. The Bank, the Network and the Caja Agraria set well-defined targets that would have to be accomplished as a specific condition precedent for disbursements and/or recognition of expenditures against the local counterpart for this component. There will also have to be some agreement on the component's

operating regulations to steer investments from 1996 on. <sup>10/</sup> With the progress noted during the program's preparation, expectations are that by the second half of 1996 the Caja Agraria will be able to demonstrate to the Bank that it has adequate capacity to administer the program.

- 2.41 Although the Caja Agraria's Housing Department shares the Caja's legal and financial infrastructure, its operations are run separately from the Caja's banking activities. Several of Colombia's administrations have drafted plans intended to correct the financial problems of the Caja Agraria as a banking institution; specifically, a large percentage of its loan portfolio is in default and it has sustained considerable losses, owing in part to its high debt burden and the pension payouts for retirees. The present administration has stated plainly that there are no plans to dismantle or privatize the institution. Instead, it is to be strengthened both financially and institutionally so that it has the capacity to promote the country's agricultural development. To that end, the administration this year unveiled an ambitious plan to recapitalize the institution in the amount of over US\$300 million equivalent during 1995 and 1996.

#### 6. Maternal and infant care program

- 2.42 The objective of the maternal and infant care program (PAMI), to be executed by the Ministry of Health, is to reduce maternal and infant mortality and morbidity and to guarantee access to the subsidized social security system for families of pregnant and nursing mothers who are in particularly distressed circumstances. Under the General Health Insurance System (SGSSS), the PAMI assures that pregnant and nursing women and their infant children under the age of one have access to prenatal, attended birth and post-natal care, nutritional support for the mother and care for the infant during its first year of life, including checkups to monitor growth and development and vaccinations. This package of services will be delivered by health posts and centers, government-run hospitals and private-sector facilities.
- 2.43 The PAMI is part of the compulsory subsidized health plan, which in turn is a component of the SGSSS; it is expected to be fully in place and operational by 1997. In 1996, implementation of the program's operating regulations and the institutional capacity of the participating institutions will be closely monitored. The Ministry of Health wants to take advantage of the Network's dissemination, promotion and proactive targeting of this program to enroll all family members in the SGSSS.
- 2.44 Municipalities will use national government resources received through the revenue-sharing program to cover the monthly cost of

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<sup>10/</sup> See contractual clauses.

subsidized health coverage for program beneficiaries. If such funding is inadequate to cover all enrolled beneficiaries, the municipality can request additional funds from the PAMI account. In some departments, it is expected that there will be a surplus from the revenue sharing arrangement, so PAMI funds will not be required. PAMI funds will be distributed to cover beneficiaries in those departments requiring additional funds. The Ministry of Health will specify the procedures for eligibility for funding under the PAMI program.

- 2.45 An important component of the PAMI program is the provision of a nutritional supplement and educational activities to pregnant and nursing women, through the Family, Mother and Infant program of the Colombian Family Welfare Agency (ICBF). As part of the PAMI, all registered women will be enrolled in Family, Mother and Infant program sites as a means of improving their nutritional status.

#### 7. Preschoolers' nutritional supplement program

- 2.46 Under the program to provide a nutritional supplement for preschoolers at community child care centers, food will be provided to supplement the meals that the children already receive at these centers (currently 60% of their nutritional needs). Although parents are responsible for supplying the other 40% of the children's nutritional needs, studies have shown that they are not meeting this goal. For a significant percentage of children, the meal received at the community center was the only one of any real nutritional value. Hence, the program's resources will be used to supplement the beneficiaries' diet, covering 73% of the children's daily nutritional needs during the work week, 28% on weekends, and 35% during vacation periods.
- 2.47 The program is running well. It is nationwide and operating in 923 municipalities, with a total of over 55,000 centers. Each center is supervised by a coordinator who is answerable to a parents association and who provides daily care to groups of up to 15 children. In addition to providing a daily meal, these centers also have children participate in educational and recreational activities.
- 2.48 In addition to its efforts to increase the nutritional supplement that beneficiaries receive, the ICBF is trying to improve its present monitoring system, to strengthen the community's role in the network of child-care centers and to develop specific mechanisms for evaluating the program's impact.

#### 8. Rural nutrition

- 2.49 Under this program, monthly food subsidies will be provided, and children aged one to seven who come from families that live in extreme poverty in areas where there are no community child-care

centers operating will be enrolled in health and education programs.

- 2.50 Beneficiaries will be selected from rural areas where the rates of malnutrition and child morbidity and mortality are highest. Priority will focus on disabled children and the children of female heads of household. The Network will cover the full cost of the food package, calculated at approximately US\$7 per month per beneficiary for 1995. The administrative expenses and the cost of the health services and education program will be covered by the municipality's share.
- 2.51 The ICBF will implement this program in coordination with the municipalities, local health services and agents of the Ministry of Education's Family Education Program for Childhood Growth and Development. The latter will be responsible for enrolling children in the program and for the educational activities targeted at children and their families. The municipalities will sign contracts with specific food suppliers to provide the monthly food packages to beneficiaries.

9. Aid for school-age dependents of female heads of household

- 2.52 This program -- which will be executed by the FIS and evaluated and monitored by the UDECO -- is intended to provide assistance to female heads of household so they can purchase textbooks, school supplies and uniforms for their children and encourage them to stay in school.
- 2.53 Female heads of household receive, on average, lower salaries than do men, they do not have social security, they have very little education and they do not have access to jobs in traditionally male-dominated areas, which are the higher-paying jobs. This situation is even worse in areas of the country plagued by violence. To deal with this situation, the previous administration instituted measures to improve the situation of female heads of household, and the present administration has continued those measures (*Policy on Participation and Equity for Women*, document CONPES 2726 of August 1994).
- 2.54 This subsidy will be given once a year; for 1995 it has been calculated at the equivalent of US\$60. The subsidy may be provided to beneficiaries in one of three forms: in cash, in kind, or part in cash and part in kind. It is up to the municipal technical committee (see chapter III, below) to decide which form is best and which areas the program should target, select the oversight agency, identify beneficiaries and determine the number of subsidies that will be given to each (should a beneficiary have more than one school-age child).
- 2.55 The beneficiaries will be female heads of household from the poorest strata who have children attending elementary school.

Female heads of household are defined as those who have dependents and who bear the bulk of the economic responsibility and control in their homes.

10. Support for athletically and artistically gifted youth

- 2.56 This program will be executed by the Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior [Colombian Institute for Educational Loans and Technical Studies Abroad] (ICETEX). To keep program overhead to a minimum, it was decided that a minimum of 10 grants would be awarded in each community and that the program should focus on a limited number of cities nationwide (for 1994 and 1995, only five cities were selected).
- 2.57 The objective of the program is to assist underprivileged youth who are athletically or artistically gifted by awarding study grants that will enable them to develop their particular talents. The grants are also intended as a means to keep these children in school or to encourage dropouts to return to school.
- 2.58 This program would be open to young people between the ages of 12 and 18 who live in areas targeted by the Municipal Solidarity Forums. In addition, they must be artistically or athletically talented and either be in school or, if they have dropped out, promise to go back to school. Grant recipients would be expected to do community work in return for their grant, as a means of making them active members of the community. The grants could be renewed annually, provided the recipient continues to qualify.
- 2.59 The grant would be delivered directly to the school or tutor selected by the program's coordinating committee in the municipality. This committee will be made up of departmental representatives of the Network, ICETEX, the Ministry of Education, the Colombian Institute of Culture (Colcultura), the Colombian Sports Institute (Coldeportes), and local NGOs that work with young people. ICETEX may hire training services directly with training institutions or through the local government, which would then subcontract for the services.

11. Indigent elderly

- 2.60 This program of subsidies for the indigent elderly (which bears the title Revivir) is aimed at promoting social welfare services for this segment of the population. The subsidy will be in the form of services provided by a nonprofit organization or the municipality. The amount may be as much as one half the monthly minimum wage; eligibility would be open to persons over the age of 65, or over the age of 50 if they are members of an indigenous group or disabled. The program serves three types of elderly persons: those who are institutionalized, those who live on the street and those who live alone or with their family. The services provided (rooming, health care, food, clothing and recreational activities)



will vary according to the beneficiary's living conditions. The program will be executed by the Network in coordination with the departments, municipalities and NGOs. It will be evaluated and monitored by the departmental offices responsible for the elderly.

- 2.61 Some concern has been expressed regarding the adequacy of the subsidy, whether it will be differentiated depending on the type of beneficiary, and the number of subsidies likely to be available relative to the number needed in a given community. The impact and relevance of this program's services will be assessed in 1996, based on the results of the first year of execution (1994-1995). The information gathered from the early stages of this program should provide the Network with the opportunity to strengthen overall program design and effectiveness, if necessary.

## 12. Program for indigent urban youth

- 2.62 This program is designed to address the problems of children and young people (up to age 25) who live on the streets of 10 cities having populations of over 150,000. <sup>11/</sup> Resources will be administered by the Network, and projects will be executed mainly through service contracts with civil society groups. The criteria for selecting executing agencies and projects are intended to ensure: (a) the legitimacy of executing agencies and their ability to reach the children and young people targeted by the program; and (b) the technical, financial and legal feasibility of the activities included in the projects. Only programs that have been operating for at least two years and that have achieved an acceptable degree of success will be supported.
- 2.63 The program will offer services to urban children and youth under two formats, one internal and one external. Under a boarding-school type of plan, the program will provide housing, clothing, physical and mental health care, elementary and secondary education, vocational training, and artistic and recreational activities. The other format, which is designed to get these children and youth off the street, will focus on offering educational activities, activities to fight drug addiction, vocational guidance and recreational activities.
- 2.64 During preparation of the program, several projects were visited, the most prominent being the Fundación Servicio de Orientación Juvenil [Youth Guidance Service Foundation], which has been active in this field for 25 years. In that time it has assisted over 14,000 children and young people, mainly in Bogotá, Medellín, Cali, Buenaventura and Barranquilla. Within Colombia, the Fundación is considered to be one of the most successful projects in working

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<sup>11/</sup> The cities selected in principle are: Bogotá, Cali, Medellín, Barranquilla, Cúcuta, Buenaventura, Bucaramanga, Cartagena, Pereira and Armenia.

with indigent youth. During its 25 years of existence, the Fundación has developed and tested the method proposed for use under this program for providing care and services to indigent youth.

- 2.65 The Network will monitor and evaluate this component through inspectors appointed in the communities where the projects are located.

13. Trash recyclers

- 2.66 The objective of this program is to improve the quality of life of families who earn their living sorting through trash in order to sell recyclable materials. The program will be carried out in 18 cities nationwide, <sup>12/</sup> where an estimated 95% of the people who engage in this activity live. The program will be administered by the Network and executed by local public, private, or nongovernmental agencies.
- 2.67 The program will conduct a number of activities to improve the quality of life of the target population. The principal activities will be: (a) identifying the target population and providing them with documentation to facilitate their access to other Network programs and to the SGSSS; (b) developing programs, in conjunction with the community, to create an awareness of the importance of recycling, for an appreciation of the work of recyclers; (c) developing an organized process and projects that improve the income and quality of work of this group, which includes creating infrastructure for recycling and collection and marketing centers; and (d) financing vocational training for activities related to recycling, alternatives to recycling and cleanup services.
- 2.68 At the local level, the projects will be supervised by a committee and monitored and evaluated by the Network.

D. Scale of the program

- 2.69 The scale of the program was determined on the basis of the following: (a) the anticipated operating capacity of the Network, the executing agencies and the local governments; (b) the total volume of resources that the national government could budget for the program and the availability of counterpart resources given the country's current fiscal limitations; and (c) the inventory of projects and the time needed to generate projects.
- 2.70 The Network's operating capacity has adapted quickly to its responsibilities and enjoys the advantage of having a staff

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<sup>12/</sup> Bogotá, Cali, Medellín, Barranquilla, Cartagena, Cúcuta, Bucaramanga, Manizales, Ibagué, Pereira, Pasto, Neiva, Armenia, Santa Marta, Valledupar, Villavicencio, Buenaventura and Popayán.

complement that is experienced in the activities planned under the program. Most of the national-level executing agencies are already carrying out programs of the type that the Network involves, and their challenge has been to become more efficient, reach the Network's target population and increase their capacity. The local governments suffer from institutional and financial weaknesses, but resources are available to help them identify, prepare and carry out projects. Also, the percentage of the local contribution required in financing projects will vary according to the financial means of the municipality or department.

- 2.71 The resources that the Network will add to the executing agencies' traditional budgets represent some 15% or less of the total appropriations of the ICBF, the Ministry of Health, FIS and FINDETER, but are appreciable in the case of the programs to improve housing and habitat administered by INURBE and the Caja Agraria, and in the components that will be administered directly by the Network, all of which are new. The government's estimates for the budgets of some of the Network's programs (see Annex II-1) are ambitious and will continue to be revised during execution in response to fiscal pressures and institutional weaknesses. This year alone, adjustments have cut 20% from the original estimates included in the CONPES document that authorized the Network's creation.
- 2.72 Finally, of the Network components that require the preparation of projects that may need more time, there are sizable project pipelines in the PGER, the program for improving urban housing and habitat, and Vivir Mejor. As mentioned in the first chapter, poverty reduction is one of the government's priorities, but as part of a responsible economic policy. Given this factor and the others indicated in this section, the amount of the operation is felt to be reasonable.

E. Cost and financing

- 2.73 This operation would partially finance a Colombian government investment plan that will commit approximately US\$1.255 billion between 1996 and 1998 and US\$1.6 billion in the four years from 1994 to 1998, including external credit. The Network received a budgetary appropriation in the last quarter of 1994 equivalent to US\$76 million, and in 1995 it will execute programs valued at an estimated US\$253 million. Initially, the Bank studied the possibility of financing in the amount of US\$500 million, but subsequently reached an agreement with the government to divide that amount into two tranches. If the second tranche is requested, it would be processed more rapidly than the present tranche, depending upon the execution of this operation, the objectives and goals achieved, the quality of the projects executed and the level of disbursements.

- 2.74 The Bank will provide financing in the amount of US\$250 million, with US\$220 million in foreign currency from the ordinary capital and US\$30 million in Colombian pesos from the ordinary capital. The local counterpart contribution, which will be a minimum of US\$110 million (maintaining a ratio of not less than 70/30 between the Bank loan and the local counterpart contribution), will be the responsibility of the Colombian government. Interest on the loan will be covered with funds from the National Treasury that are not part of the program's budget.
- 2.75 The decision to use the proceeds of this loan to finance a specific group of programs is the result of a government decision to use national resources to finance expenditures that are "more permanent" in nature. With an eye to streamlining the financial administration of this loan, the national contribution has been concentrated in 8 of the 13 programs, basically those that will be receiving some form of credit funding (see Table II-2).

Table II-1  
ESTIMATED ANNUAL COST PER COMPONENT AND SOURCE OF FINANCING  
(in millions of US\$)

	1996		1997		1998		Total	% of Total
	IDB	Network	IDB	Network	IDB	Network		
Administration	0.0	4.0	0.0	4.0	0.0	4.0	12.0	1.0
<u>Component:</u>								
Urban employment and vocational training								
- Works and services	7.5	5.9	13.0	17.5	5.0	29.0	77.9	6.2
- Job training	4.0	2.0	9.0	2.9	4.0	14.5	36.4	2.9
Rural employment	17.0	5.9	14.5	8.0	7.0	25.9	78.3	6.2
Improvement of urban housing and slum upgrading	50.0	14.7	60.0	19.0	12.0	75.0	230.7	18.4
Improvement of urban infrastructure and services	0.0	16.0	0.0	48.0	0.0	48.0	112.0	8.9
Parks and recreational areas	2.0	2.4	3.0	5.0	1.5	6.0	19.9	1.6
Rural housing	6.0	45.0	12.0	57.1	4.0	63.5	187.6	14.9
Maternal and infant care	0.0	50.0	0.0	38.0	0.0	27.3	115.3	9.2
Nutritional supplement for preschoolers	0.0	43.0	0.0	43.0	0.0	49.5	135.5	10.8
Rural nutrition	0.0	6.0	0.0	8.0	0.0	10.5	24.5	2.0
School-age dependents of female heads of household	0.0	10.0	0.0	10.0	0.0	11.5	31.5	2.5
Support for gifted youth	0.0	1.0	0.0	1.0	0.0	1.0	3.0	0.2
Indigent elderly	0.0	28.0	0.0	63.0	0.0	65.0	156.0	12.4
Care for indigent urban youth	0.0	0.7	2.0	1.5	1.0	3.0	8.2	0.7
Trash recyclers	0.0	0.5	1.0	0.3	1.0	1.5	4.3	0.3
Total	86.5	231.1	114.5	322.3	35.5	431.2	1,221.1	97.3
<u>Other areas:</u>								
Technical assistance	2.5	3.0	2.5	2.0	1.0	1.0	12.0	1.0
Monitoring, control and evaluation	2.0	1.0	2.0	1.0	1.0	0.5	7.5	0.6
<u>Finance costs:</u>								
Interest/credit fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inspection/supervision	1.0	0.0	1.0	0.0	0.5	0.0	2.5	0.2
TOTAL	92.0	239.1	120.0	329.3	38.0	436.7	1,255.1	100.0

Table II-2  
ESTIMATED TOTAL COST PER COMPONENT AND SOURCE OF FINANCING  
1996-1998  
(in thousands of US\$)

	IDB	Local counterpart	Other government contributions	Total	%
Administration	0.0	10.0	2.0	12.0	1.0
<u>Component:</u>					
Urban employment and vocational training					
- Works and services	25.5	15.0	37.4	77.9	6.2
- Job training	17.0	10.4	9.0	36.4	2.9
Rural employment	38.5	11.2	28.6	78.3	6.2
Improvement of urban housing and slum upgrading	122.0	28.0	80.7	230.7	18.4
Improvement of urban infrastructure and services	0.0	0.0	112.0	112.0	8.9
Parks and recreational areas	6.5	6.0	7.4	19.9	1.6
Rural housing	22.0	12.4	153.2	187.6	14.9
Maternal and infant care	0.0	0.0	115.3	115.3	9.2
Nutritional supplement for preschoolers	0.0	0.0	135.5	135.5	10.8
Rural nutrition	0.0	0.0	24.5	24.5	2.0
School-age dependents of female heads of household	0.0	0.0	31.5	31.5	2.5
Support for gifted youth	0.0	0.0	3.0	3.0	0.2
Indigent elderly	0.0	8.6	147.4	156.0	12.4
Care for indigent urban youth	3.0	2.4	2.8	8.2	0.7
Trash recyclers	2.0	1.0	1.3	4.3	0.3
Total components	236.5	95.0	889.6	1,221.1	97.3
<u>Other areas:</u>					
Technical assistance	6.0	3.0	3.0	12.0	1.0
Monitoring, control and evaluation	5.0	2.0	0.5	7.5	0.6
<u>Finance costs:</u>					
Interest/credit fee	0.0	0.0	0.0	0.0	0.0
Inspection/supervision	2.5	0.0	0.0	2.5	0.2
TOTAL	250.0	110.0	895.1	1,255.1	100.0

F. Financing plan

2.76 The terms and conditions of the loan will be as follows:

	Ordinary capital in Colombian pesos	Ordinary capital in foreign currency
Amortization period:	25 years	25 years
Disbursement period:	3 years	3 years
Interest rate:	4% fixed	variable
Inspection and supervision:	1%	1%
Credit fee:	n/a	0,75%

### III. ORGANIZATION AND ADMINISTRATION OF THE PROGRAM

#### A. Nature and functions of the Network

- 3.1 The borrower will be the Republic of Colombia, while the Social Solidarity Network will act as coordinating agency. The Network is a national public-sector agency with legal personality, administrative autonomy and its own assets, and is attached to the Administrative Department of the Office of the President of the Republic. In general, this program does not involve the creation of a new executing agency but instead relies mainly on existing institutions. To carry out the program, the Network will coordinate the activities of nine national executing agencies and will be directly responsible for five programs, which would reach the beneficiary communities mainly through local governments and NGOs.
- 3.2 Nevertheless, to give this policy coherence, cohesiveness and unity, a special administrative structure was formed, called the General Management Office of the Social Solidarity Network, which is part of the Office of the President of the Republic. The Network's highest ranking authority is its general manager, who is answerable to an executive board composed of the Director of the Administrative Department of the Office of the President of the Republic and four representatives of the President (the ministers of Health, Education, Development [Housing] and Labor).
- 3.3 The functions of the Network can be summarized as follows: (a) develop the program content of its components in line with the fundamentals of the National Development Plan and the policy documents of the Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council] (CONPES); (b) promote proper execution of the policies mapped out, by means of coordination and negotiation and by enlisting the participation of all sectors that have a role to play in developing the Network's activities; (c) directly execute certain programs: Revivir, Recrear, PGEU/CL, services for urban indigent youth, and trash recyclers; (d) lend technical assistance to weaker communities and municipalities to ensure their active participation in the program; and (e) check that its program objectives are being accomplished, using strategies for ongoing evaluation and monitoring.

#### B. Relationship between the Network and the executing agencies

- 3.4 The manner in which the Network would interact with the respective executing agencies is not defined in the decree that created the Network. After some initial difficulties in defining the boundaries of the relationship, the Network has developed a close relationship with the respective executing agencies. For many of the programs, the general manager of the Network has become a member of the executing agency's board of directors. The



preparation of the operating regulations for each of the programs, as well as institutional reforms, involved negotiations between the Bank and the Network along with the respective executing agency. The Network will closely monitor implementation of its programs through a control and evaluation system compatible with those of each of the executing agencies. Beside its technical capacity and vast experience with the target population, the Network has significant power due to its position within the Office of the President and its access to each of the ministries, where the government's social policy is formulated.

- 3.5 As the program's executing agency or coordinator, the Network will have the ability to withhold disbursements of loan proceeds to executing agencies that do not comply with the program's operating regulations. Additionally, the Network will have a major influence in determining the amounts to be budgeted annually for each of its programs. It is expected that the executing agencies will give significant attention to the Network programs under their administration, given the programs' high profile and the support that will be received from the Network's regional personnel for program implementation.
- 3.6 Another important relationship that the Network maintains is with the local governments. The regional delegations of the Network work closely with the governors, mayors and other regional leaders in organizing the solidarity forums <sup>13/</sup> and assuring that the principles of the Network are respected. In cases where this does not occur, the Network is able to slow or freeze disbursements to the departments and municipalities, as well as take these factors into account at the time that the indicative assignments of resources are revised during the year or formulated for the new year.

C. Organizational structure

- 3.7 The General Management Office was formed as a dynamic and flexible structure drawing upon the staff and infrastructure of two agencies that were part of the Office of the President of the Republic: the National Rehabilitation Plan (PNR) and the Social Solidarity and Emergency Fund (FOSES). Because of their experience in community participation methods, in getting communities to prioritize their needs and in targeting beneficiaries, the PNR's staff is particularly well suited to assisting the Network's activities. Before it joined the Network, the PNR was a presence in almost half the municipalities nationwide (450 out of 1,047) through its departmental offices. The PNR's experience has centered around

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<sup>13/</sup> The solidarity forums (*mesas de solidaridad*) are public forums where distribution of resources as well as other matters related to the operation of the program are determined; they are described in detail later in this chapter.

municipalities in areas beset by violence and conflict and in those with the greatest concentrations of poverty. In those departments in which it was active, the PNR had a departmental representative who was assisted by area coordinators, each covering an average of eight municipalities. To cover the other municipalities nationwide, the Network has appointed representatives and area coordinators and plans to upgrade its transportation and communication equipment with scheduled investments of around US\$1.6 million.

- 3.8 The structure and staff of the former FOSES makes available to the Network the necessary support in operational areas and in financial and budgetary management, legal affairs and hiring, human resource management, project evaluation and monitoring. As in the case of the PNR staff, this staff has also had to be built up to take on the new responsibilities and administer a much larger volume of resources.
- 3.9 The staff of the Network is divided into four areas or working groups: programming, policies, local government support and general coordination.
- 3.10 The **programming group** is responsible for designing each program, the operating regulations, dialogue with executing agencies about the criteria that must be applied when implementing programs, circulation of the component's program content among the regions, and its physical and financial execution.
- 3.11 The functions of the **policies group** are to develop the policy guidelines to which all Network programs must adhere; promote participatory methods; design strategies to convince regional and local officials to embrace the Network's objectives and purposes; encourage the creation of citizen groups to supervise investments (citizen oversight committees) and forums in which regional and local authorities can meet and work with civil society; rally civil society and articulate its initiatives in order to make it part of the Network; and design strategies to ensure that the Network dovetails with other social policy programs.
- 3.12 The **local government support group** provides support for the decentralization process in the country and the execution of the Network's activities at the departmental and municipal levels by:  
(a) promoting the Network's development at the municipal and departmental levels; (b) supporting technical agencies at the local government level with project processing; (c) encouraging the formation and monitoring of solidarity forums and the Network's other departmental and municipal channels for dialogue, and (d) helping the local governments - especially those that are less institutionally developed - and communities to access those programs that are part of social policy as a whole.

- 3.13 **Administrative management** will be in charge of the administrative, logistical, contractual and communications support structure. The monitoring and evaluation office is part of this group. Administrative management would be in charge of coordinating administration of the Bank loan.
- 3.14 The Network has a staff of approximately 370, of whom 250 are posted with the regional offices.

D. Targeting and allocation of resources

- 3.15 The Network's fundamental mandate is to make certain that its programs reach the neediest groups of the population. Because the potentially eligible population far exceeds the budgeted resources, beneficiaries will have to be chosen through a process of negotiation in which government officials and representatives of civil society will actively participate. Self-targeting mechanisms and census information from municipal records and from the community's store of knowledge will be used to target resources to the most needy.
- 3.16 To make it easier to identify individuals or families and thus have better tools available with which to make decisions, the Beneficiary Selection System [Sistema de Selección de Beneficiarios] (SISBEN) is being implemented at the municipal level nationwide. <sup>14/</sup> SISBEN is a database that will be put together from household surveys, especially those in the poorest areas or neighborhoods of each municipality. Through SISBEN, families will be classified using a point system ranging from 0 to 100 and based on the variables in the UBN index, as well as income and earning capacity. It will be the responsibility of the municipality to keep SISBEN data and update it at least every three years.
- 3.17 The procedures designed for allocating resources under Network programs involve activities at the national, departmental and municipal levels. The process begins at the national level when the National Solidarity Forum (made up of the Network, the national executing agencies and civil society) assigns each department an "indicative budget" for each program, a figure based mainly on census data for the incidence of poverty (UBN) and the government's social policy. For programs with limited financing, resources will be concentrated on areas where the problem in question is particularly severe, so that the funds are not spread too thin. Geographic targeting at the national level is not without problems: available data are often out of date; the incidence of poverty in

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<sup>14/</sup> The national government, mainly through the Ministry of Health, is providing technical and financial support to implement SISBEN. The Ministry of Health will use SISBEN data to launch the Compulsory Health Insurance Plan.

rural as opposed to urban areas is not sufficiently distinguished; new and recent phenomena in population dynamics are not being captured; and, lastly, the recent changes in political-administrative divisions are not necessarily reflected.

- 3.18 The departmental solidarity forum [*mesa de solidaridad departamental*] is an open meeting that is structured around the Departmental Planning Council and in which all sectors of society (government officials, executing agencies, civil society, the private sector and the community) are entitled to participate. The forum is where decisions are made on the allocation of Network program resources to each municipality within a given department. Those decisions are based on a preliminary proposal prepared for each program by the respective technical sector committee (education, health, employment, housing). The proposal takes into account the participation of the urban and rural poor, departmental social investment priorities, past experience in allocating resources to municipalities, special circumstances in the municipalities and the criteria established in the operating regulations for each program (particularly those pertaining to the minimum amounts that can be assigned to municipalities). The Network's departmental offices assist the forums with their work and help promote, convene and organize the forums and publicize their decisions. The forums are chaired by the governor, who is elected by popular vote, while the technical sector committees are chaired by the governor's technical secretaries.
- 3.19 The municipal structure for deciding how Network resources will be assigned is similar to the departmental structure, although at a more local level. The municipal solidarity forum, chaired by the mayor, selects the target areas on the basis of a proposal submitted by the respective technical sector committee. With most programs, the technical sector committees are responsible for selecting potential beneficiaries. The civil society representatives that sit on the committees are to be approved by the forum. When programs are publicized and promoted, special care is being taken to make certain that the information reaches men and women alike, making certain that the visuals and language do not contain sexist allusions.
- 3.20 The forum-based structure that has been adopted to allocate program resources is fashioned after the PNR's Municipal Rehabilitation Committees. For many Colombians living in areas plagued by conflict and poverty, this example of participatory development has been their only contact with the State. Safeguards have been put in place to ensure integrity in the operation of the forums and other resource-channeling mechanisms, namely: Network representatives have been assigned to the departments and will lend support for all aspects of the forums' operation, including the review of decisions; citizen oversight committees have been set up and charged with forwarding comments to the appropriate authorities regarding the operation of the Network -- any problems observed are

to be reported to the control agencies (Office of the Attorney General or Fiscal Inspector); and external evaluation will be performed by a network of regional universities, as described below.

- 3.21 To make certain that the weakest local government units participate in the program, there is an indicative allotment of resources that gives greater weight to the incidence of poverty and the government's social policy than to the existence of identified and designed projects. The Network opted for this approach because of the enormous disparities among the local governments in terms of their capacity to generate projects. In Colombia, experience shows that when programs are driven solely by demand, the small and institutionally weak municipalities do not get resources. Because the operating regulations of the program stipulate detailed requirements that must be met for resources to be assigned, if a municipality does not meet those requirements within the established time period and the resources have not been committed, the departmental forum may reassign the funds to another municipality within that department. The Network - working in cooperation with the national executing agencies - will also be able to reassign resources from one department to another within the same fiscal year. Any such reassignments will be based mainly on the demand for resources. To assist the weaker local governments, the Network and the executing agencies will have preinvestment resources available for project preparation. Currently, resources are only reassigned under a program from one local government unit to another. Before the second year of program execution, the borrower is to submit to the Bank a proposed arrangement for reassigning program resources from one component to another during a given fiscal year. 15/
- 3.22 Once resources have been geographically targeted and the beneficiaries selected, each program will have its own method of preparing projects as well as an evaluation group, generally at the regional level. There is no single window for receiving Network projects, as generally happens with social investment funds. The respective evaluation group receives the projects from the local governments, ascertains their viability, reports to the national executing agency and monitors execution. Annex III-1 contains a list of the executing agencies and evaluation groups for all Network programs, and Annex III-2 contains a flow chart for a typical Network project.
- 3.23 The guidelines for project execution appear in each program's operating regulations. The contractual obligations will be stipulated in a cofinancing agreement, generally between the executing agency and the department or municipality. The executing agency or local government unit is to engage the most qualified and

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15/ See contractual clauses.

efficient groups (public, private or nongovernmental) for carrying out the project or making sure the service reaches the target population. As a rule, the municipality will be responsible for commissioning all work or services financed with Network resources. To ensure that funds are used properly, the applicable legislation on contracting requires that local governments hire specialized inspectors for a number of the programs. All contracts pertaining to Network resources will require the establishment of citizen oversight committees and will stipulate the contractor's obligation to keep the committee informed on the performance of the respective agreement or contract.

E. Operating regulations

- 3.24 Execution of the program will be governed by a set of general operating regulations and 13 program-specific operating regulations, one for each of the 13 components. The Network and the Bank have agreed in principle upon these operating regulations. <sup>16/</sup> Because of its unique features, the PGEU/CL's job-training subprogram will have a special set of regulations. In order for disbursements made by the Network to be recognized by the Bank, they must be made according to the provisions of the general regulations and the specific regulations for the component for which the expenditure was made. Therefore, a condition precedent to the first disbursement will be that the general operating regulations be agreed upon with the Bank and put into force. A condition precedent for each component will be that the respective operating regulations have been agreed upon with the Bank and put into force. For Network programs that do not receive any loan proceeds or local contribution, the operating regulations are to be agreed upon with the Bank and put into effect before the end of the first half of 1996. <sup>17/</sup> It is important to note that these regulations will apply not only to the Network-IDB program, which represents around 20% of the Network's investments, but also to all projects financed with Network resources. The following paragraphs summarize the most important features of these regulations.
- 3.25 The general operating regulations set forth the objectives, principles and criteria according to which the Network's activities will be carried out and the rules that will govern the operations of the Network, the National Solidarity Forum, the departmental forums, the municipal forums and the technical sector committees. Procedures are established for the operation of the forums and the technical sector committees, how they are to be established, and

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<sup>16/</sup> In the case of the Vivir Mejor program, preparation of the operating regulations has experienced some delays because of problems in the Caja Agraria's administration of the program. A set of Bank-approved regulations is expected to be ready for the investments that will be made in 1996.

<sup>17/</sup> See contractual clauses.

what their membership will be, as well as the functions and obligations at each level. The regulations also give details on the monitoring and control system, the role of inspectors and the citizen oversight committees and the sanctions and grounds for suspending disbursements (see Annex III-3, general operating regulations of the program).

- 3.26 The regulations specific to each component cover the component's objectives, the executing agency, scope, source of financing, criteria and methods for geographic targeting of resources and for selecting and determining the eligibility of projects and beneficiaries, as well as other conditions relevant to each component. They also set forth, according to the features of each component, the obligations and responsibilities of the executing agencies, of the local governments, of the evaluation groups, the inspectors and citizen oversight committees, and the beneficiaries themselves.

F. Institutional strengthening of local governments and of the National Cofinancing System

1. Local governments

- 3.27 One difficulty encountered with decentralization in Colombia has been the institutional weakness of many of the local governments. Until recently, the government had dealt with this problem through piecemeal and, in some cases, disjointed, ad hoc measures. Resources were spent here and there without achieving the desired structural changes.
- 3.28 In June 1995, to strengthen and modernize administration of the State, the government unveiled its Program to Further the Institutional Development of the National and Local Governments, which will be coordinated by the new Ministry of the Interior (the former Ministry of Government). The ministry will be responsible for national-level coordination of institutional development, and will determine technical and financial assistance measures to promote institutional development, coordination and dissemination of instruments for managing and consolidating the National Planning System. <sup>18/</sup>
- 3.29 The planned measures will strengthen departmental public administration systems so that they are better prepared to perform their functions in planning, government mediation and local assistance, and to assume greater responsibility in the social

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<sup>18/</sup> Document CONPES 2788 from the Office of the Vice President of the Republic, Ministry of Government, Office of the Presidential Adviser for Institutional Development, DNP:UDT, June 15, 1995, *Política de Consolidación de la Descentralización* [Policy for consolidating decentralization].

sectors and in targeting social investment. Lines of assistance will be devised to help the municipalities modernize their institutions so that they, too, are better able to discharge their functions in social areas. The emphasis will be on planning and budget, fiscal strengthening, human resource training and promotion of community participation in policy management and mediation. Initiatives will be designed and implemented in such a way that the municipality's involvement is by way of the department. In this way, initiatives at all levels of government will be interrelated and the department's function of providing local assistance will be confirmed.

## 2. National Cofinancing System

- 3.30 The Network has a particular interest in strengthening the National Cofinancing System (SNC), since the cofinancing funds administer the resources for three Network programs representing almost 20% of its investments and since the plan is to use the SNC's structure to make other Network programs viable and monitor them. In the case of the Vivir Mejor program, administered by the Caja Agraria, the idea of transferring responsibility in the near future for regional evaluation and monitoring to the UDECOs is being studied. The Caja Agraria's objective is to develop the ability to respond more readily to requests from the municipalities and beneficiary communities and to exercise tighter control over its projects. At the same time, the use of the UDECOs is expected to lower the program's administrative costs since the national executing agency will not have to maintain a such a large regional presence.
- 3.31 In the case of two of the programs for which the Network is directly responsible (PGEU/CL and Recrear), the UDECOs will ascertain project viability and monitor their execution. Where the technical capacity to undertake these responsibilities is lacking, the Network will reinforce the respective UDECO's evaluation capacity by underwriting the cost of the additional professionals needed.
- 3.32 During the first half of 1995 the government implemented a series of measures in response to the SNC's low level of execution of funds. Those measures included: (a) training of UDECO staff in ascertaining project viability and monitoring execution; (b) dissemination, at the municipal and departmental levels, of methods for identifying, preparing and evaluating sector projects; and (c) design of a model for classifying municipalities to determine what percentage of the cofinancing they are to be responsible for. Through a document approved by CONPES in June 1995, <sup>19/</sup> the Cofinancing Committee was authorized to take

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<sup>19/</sup> Document CONPES 2791: Comité Nacional de Cofinanciación, DNP:UDT, June 21, 1995, *Ajustes al Sistema Nacional de Cofinanciación* [Adjustments to the National Cofinancing System].



steps to: (a) deal with the problem of the lack of preinvestment resources; (b) streamline procedures for use of the trustee mechanism; (c) devise simple sector-specific methods for preparing and presenting projects; (d) continue programs that provide training and technical assistance in project identification, preparation and evaluation; and (e) simplify and ensure smaller municipalities' access to SNC resources. As an active member of the Cofinancing Committee, the Network will play an important role in this effort to upgrade SNC efficiency.

G. Monitoring and evaluation system

- 3.33 The Network's integrated monitoring and evaluation system basically consists of two subsystems, one internal and the other external. The country's experience in monitoring shows that the capability for self-monitoring and external monitoring have to be built up at the same time.
- 3.34 Both subsystems will monitor the following: (a) the quality of **working procedures** (community participation, targeting of resources, project cycle); (b) the quality of **products delivered** (physical goals such as jobs created, housing improved, and dietary supplements distributed); and (c) the **impact** of these procedures and products (improvement in the target population's quality of life, increase in the number of permanent jobs, and a decline in the incidence of illnesses as a result of improved access to drinking water and the construction of a new sewage system).
- 3.35 **Internal** monitoring will be the responsibility of each executing unit and will conform to the Investment Project Monitoring and Evaluation System (SSEPI) that the National Planning Department designed for the SNC. All programs will be monitored by a system similar to that of the SNC, whether or not they are executed under the SNC. That system generates computerized fact sheets on the vital aspects of the project (results, time, cost and efficiency of the processes associated with the project cycle). The SSEPI serves to: (a) manage the key data on a project from the time it is identified through its execution and operation; (b) establish and administer a database of reference costs so that public resources are used efficiently; (c) generate and organize project budgets; (d) control and evaluate a project's physical and financial progress; and (e) periodically evaluate the extent to which the projects and programs are achieving their goals. This year, the system is being implemented in a number of national executing agencies and in the Network and is expected to be operating in all UDECOs by 1996.
- 3.36 The **external** monitoring subsystem will be handled by the University Network to Monitor Development of Network Programs and will generate information on: (a) the legitimacy and quality of the decision-making processes that lead up to projects; (b) the

correlation between social policies and general public policy; (c) the impact of the Network's procedures and products; (d) the programs' consistency with the policy of equity and participation for women; and (e) the relationship between the communities' demand for Network services and the amount budgeted for each program, among other areas. The external evaluation process brings together teams of researchers from national and regional universities who meet certain requirements (there will be five teams the first year, with a total of 20 teams expected to be involved during the program's execution). The universities that will participate in this evaluation have experience in monitoring public investment policies and programs associated with loans from multilateral banks, and have worked in coordination since 1992, when a grant was received from the Ford Foundation (Universidad Nacional, Universidad de Antioquia, Universidad Javeriana, Universidad del Valle and Universidad de los Andes, among others). Regional meetings will be held at least once every six months, and a national-level meeting will be held once a year to assess the Network's operation. A technical secretariat operated by the Centro Interdisciplinario de Estudios Regionales (CIDER) of the Universidad de los Andes will handle coordination and administrative support of the external evaluation. Given its experience and the time it has invested in organizing the network of universities, CIDER may be selected as the technical secretariat of the university consortium for external evaluation without the competitive tendering normally required. Participating universities will be selected on the basis of the criteria included in the external evaluation proposal that CIDER has presented and the Network has approved. 20/

- 3.37 The Network's functions in organizing and operating the monitoring system will be performed through its monitoring and evaluation department and will include: (a) helping to design and mount monitoring systems in the executing agencies; (b) overseeing the quality of procedures and results; (c) checking to ensure that the executing agencies are using their internal monitoring systems and heed the warning signals alerting them to the need for corrective measures; (d) reviewing the performance of the monitoring system and the contribution it is making to the quality of the decisions taken within the Network, and proposing adjustments; (e) taking the necessary measures to halt transfers of Network resources to executing agencies that do not have adequate internal monitoring systems in operation or that do not take the necessary corrective measures after receiving signals indicating problems; (f) supervising coordination with the universities participating in external evaluation; and (g) making certain that the lessons learned are shared by organizing seminars or preparing and publishing reports. Both subsystems will provide information on the operation of the Network and its results from different but mutually reinforcing

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20/ See "Exceptions to Bank Policy" in the executive summary.

angles. Startup of the monitoring and evaluation system will be a condition precedent to the first disbursement. 21/

- 3.38 The Network's goal is to have its new monitoring and evaluation system up and running by no later than December 1995. During the second half of 1995, a consulting firm will continue to help the Network and some executing agencies mount and launch their systems, concentrating on the development of computer systems and training in how to use them. Since the SSEPI software is new, the Network plans to use the PNR's project monitoring system concomitantly, until the SSEPI is functioning properly.
- 3.39 During the second half of 1995, the university network will begin a pilot monitoring experiment with two universities. They will also prepare the monitoring training courses, develop the software for the information system and design the computer center, while acquiring the necessary technological infrastructure.
- 3.40 The Network's monitoring system will be reinforced by the citizen oversight committees and a system for evaluating government spending as a function of the goals of the National Development Plan. The citizen oversight committees will operate on three levels: by project, by municipality and by department. The oversight process will be coupled with a national campaign, including pamphlets and videos, explaining the objective, operation and membership of the oversight committees and a public information campaign at the local level through NGOs. Twice each year the Network will organize national meetings of delegates from the departmental oversight committees and departmental meetings of delegates from the municipal oversight committees. The basic purpose of the oversight committees is to gather information on each program and make recommendations and observations geared toward enhancing program execution and the Network's overall operation. The committees will receive complaints from any member of the community concerning the operation of a program, and will then report on the situation to the forums, executing agencies and public control agencies (Office of the Attorney General or Fiscal Inspector).
- 3.41 In June 1995, CONPES circulated, for discussion purposes, a policy paper titled *La Gestión Pública Orientada a Resultados* [Results-oriented Government]. 22/ The objectives of the policy are to institutionalize the concept of government with citizen participation and to create within public agencies the institutional capacity they need if their programs are to accomplish their

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21/ See contractual clauses.

22/ Document CONPES-Vice President of the Republic, Office of the Presidential Adviser for Institutional Development, DNP:DEE, June 21, 1995, *Gestión Pública Orientada a Resultados* [Results-oriented Government] (version for discussion).

objectives. As part of this policy, the National Government Results Evaluation System will be created. Coordinated by the National Planning Department (DNP), it will consist of a system of self-evaluations of performance and the results of strategically selected external evaluations. Through the evaluations, the DNP will inform the National Congress of the execution of the National Development Plan, supply the executing agencies with feedback about their performances vis-à-vis the plan, provide input for the budget process and circulate the principal results of the evaluations through seminars and publications. Since the programs in the Network are an integral part of the National Development Plan, they, too, will be subject to this evaluation.

H. Financial administration

- 3.42 The program will be financed with resources from the loan and from a national counterpart contribution, which will include funds from the national budget and a contribution from the departments, municipalities and beneficiary communities. The use of all Network resources will be subject to the procedures and guidelines stipulated in the program's operating regulations. Changes can be introduced in the operating regulations, provided the Bank gives its approval. In general, the plan is for these changes to be analyzed and agreed upon during the annual meetings held to review the program.
- 3.43 The funds from the loan will be deposited in the Network's account with the Banco de la República and from there will be transferred to the respective executing agencies or, for programs administered by the Network, to trustees engaged for this purpose. Given the variety of these executing agencies, finances will not be handled the same way in all cases. In some cases, funds will be conveyed through trustees. While this is a common practice in Colombia, it has caused delays in getting agreements signed and disbursements released, especially in the case of the SNC. To avoid delays in executing Network programs, the executing agencies have confined the responsibilities of trustees to activities of a strictly financial nature, where they have a comparative advantage.

I. Disbursements and financial control procedures

- 3.44 Given the characteristics of this program, which involves many executing agencies and a large volume of projects and services for relatively small amounts, the disbursement strategy will have to be different from the one used for conventional multiple-works programs. If the disbursements for projects or programs were considered one by one, the administrative burden for the Bank and for the executing agency would be enormous and control over the use of the resources would not be as effective.
- 3.45 In this operation, disbursements from the Bank will be subject to presentation of documents confirming budgetary authorization of the

program and the assignment of the departmental "indicative budget". This documentation must be available in January of each year. It is anticipated that between three and four disbursements will be made each year, as the resources are used. This procedure will expedite disbursements by keeping the number of documents required at a minimum. Controls over the use of the funds come later in the process. 23/

- 3.46 At least one annual meeting will be held - in May or June of each year (before the budget proposal for the following year is presented to Congress) - to analyze the results of execution. The Network and the Bank will jointly analyze the progress achieved in relation to the benchmarks (achievement of objectives, operation of the Network and executing agencies, volume and quality of projects, relationship between community demand for each program and the assigned budget), compliance with operating regulations and any adjustments that may be required. Based on the use of program resources over a one-year period, an investment plan will be approved for the following year. This plan is to reflect the community demand registered for each of the Network's programs. The Network will present to the Bank, 30 days prior to the annual meeting, the investment plan for the following year and the list of projects financed during the previous year. The list must include the site of the project (including the neighborhood of the municipality), the name and type of the work or service, and the budget, distinguishing the national contribution, the municipal contribution and, when appropriate, the departmental contribution and the contribution made by the beneficiary community. This list will serve as the basis for the evaluation that the Bank will do as part of the annual review of the program. 24/ In the event of failure to comply with the operating regulations, the Bank could suspend the eligibility of one or more executing agencies to continue to receive financing.

1. Accounting and auditing

- 3.47 In view of the large number of projects that will be financed by the Bank and the projects' relatively small unit value, and for the sake of greater efficiency in administering the program, it is recommended that the supporting documents relating to the justification of disbursements be kept by the executing agencies and municipalities, according to the agreed-upon procedure, rather than be presented to the Bank. That documentation will be available to the Network, the Bank and the external auditors and will be reviewed by the Bank on a random-sampling basis. 25/

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23/ See "Special Procedures" in the executive summary.

24/ See contractual clauses.

25/ See "Special Procedures" in the executive summary.

- 3.48 Within the 180 days following the close of its fiscal year, the Network is to present to the Bank the following financial statements, audited by the Office of the Comptroller General of the Republic or an independent auditing firm acceptable to the Bank: (a) overall program statements (covering both the loan proceeds and the local counterpart contribution); (b) the Social Solidarity Network statements (including national resources that are not part of the Bank program); and (c) statements for Network programs that are administered by national executing agencies that receive financing resources. The first financial statements presented must cover the program's first year of execution. The audit should include a separate opinion on disbursement procedures and control measures. More than the customary time period is being allowed because of the number of executing agencies participating in the program. 26/

2. Period of execution and disbursements

- 3.49 The program's period of execution has been estimated at three years, with the following timetable of estimated annual disbursements:

TABLE III-1 TENTATIVE SCHEDULE OF DISBURSEMENTS (in millions of US\$)				
	YEAR 1	YEAR 2	YEAR 3	TOTAL
IDB	92.0	120.0	38.0	250.0
Local <u>1/</u>	239.1	329.3	436.7	1,005.0
Total	331.1	449.3	474.7	1,255.0
Percentage	26%	36%	38%	100%
<u>1/</u> This includes all Network investments financed with local resources.				

3. Advance of funds

- 3.50 Given the type of activities and the rate of execution anticipated, it is recommended that funds be advanced equivalent to the amount of the investment plan for the respective year, as agreed upon by the Network and the Bank. 27/

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26/ See contractual clauses.

27/ See contractual clauses.

#### 4. Retroactive financing

- 3.51 No retroactive financing is expected to be requested by the loan approval date. The Network has, however, asked the Bank for authorization to use up to US\$200,000 from the Project Preparation Facility to cover expenses related to hiring CIDER to start up and run the external evaluation system for the rest of 1995.

#### J. Operation and maintenance of works and equipment

- 3.52 The agreements concluded between the national executing agencies and the local governments to finance projects with program resources will stipulate the latter's obligation to administer and maintain the works, equipment and facilities according to generally accepted technical standards. Works contracts associated with public utilities are to stipulate that service providers must receive enough income to cover the cost of operating and maintaining program-financed works and projects. 28/ In general, the plan is that the beneficiary community will be in charge of maintenance, through committees created especially for that purpose. The Network will place special emphasis on this topic in its semiannual reports during the disbursement period. For this, it will draw on the sample-based evaluations of funded works performed by the executing agencies of the respective programs, and it will adopt suitable measures to correct any problems identified. The evaluations of maintenance by the executing agencies are to include information on: (a) agencies in charge of running and maintaining works; (b) any problems detected in the operation and maintenance of works; and (c) plans to remedy any such problems detected. For new service providers, the report is to include information on their rate schedules and collection status. 29/ As of the date of completion of the first of the works and up to and including the fifth year following the final disbursement, the executing agency of the respective program is to assess the maintenance status of Network-funded works and take any measures necessary to solve problems detected. 30/

#### K. Procurements and hiring of consultants

- 3.53 Goods will be procured and construction works contracted in accordance with the procedures stipulated in Annex B to the loan contract. International competitive bidding will be compulsory for contracts whose value exceeds US\$250,000 for goods and US\$2.5 million for construction works. These limits are justified considering that in similar projects in the country, foreign firms have tendered bids when the amounts are over those limits. However, given the nature of the program, no purchases or construction work

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28/ See contractual clauses.

29/ See contractual clauses.

30/ See contractual clauses.

involving the amounts that would require international bidding are planned. Competitive bidding on projects involving amounts below these limits will be done in accordance with national law, which requires competitive bidding when the amount involved is over the equivalent of US\$85,000 (approximate 1995 figure) and allows private tendering for lesser amounts, without the Bank's ex ante review. 31/

- 3.54 To expedite contracting and simplify the Bank's processing of consulting services financed with resources from the loan or local counterpart, it is recommended that consulting services for less than US\$50,000 equivalent be contracted according to the provisions of applicable national legislation. Participation will be open to consultants from any Bank member country. The foregoing notwithstanding, the Bank will reserve the right to review the names and background of any consulting firms or individual consultants selected, which could mean that the outlay would not be recognized as part of the financing. This procedure is recommended because of the volume and low amounts of the consulting contracts involved in the program. Contracting involving amounts over that limit must adhere to the procedures stipulated in Annex C to the loan contract. 32/

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31/ See the executive summary.

32/ See "Special Procedures" in the executive summary.



#### IV. PROGRAM VIABILITY AND RISK MANAGEMENT

4.1 The success of the Network depends upon a number of factors, ranging from the degree of participation of the community in the identification of projects and selection of beneficiaries to the agility of the monitoring system at the level of the Network to recognize and respond to problems that may arise. For the majority of the components, an existing institutional structure has been adapted to respond to the demands of the program. As part of the analysis, the existing institutional structures were evaluated by the Bank, and in most cases modifications were recommended. The implementation of the institutional changes proceeded during the preparation of the operation, particularly in the housing improvement programs where the methodologies for project preparation and evaluation were substantially modified. Monitoring systems, which did not previously exist for certain executing agencies, were established. Institutional strengthening has been given high priority by the executing agencies due to the visibility and high expectations of the Network.

A. Ability to reach the target population

4.2 Certain of the executing agencies do not have a demonstrated ability to reach the Network's targeted population. To deal with this, the Network has worked closely with these institutions, through experienced former PNR staff. In all of its communications and in public forums, the Network emphasizes that it was created to reach a very specific target population.

4.3 Formal tools to assure that the program's resources benefit the targeted population include the use of data from the census on unmet basic needs as well as information provided by SISBEN. The implementation of SISBEN has accelerated and is being supported by the Ministry of Health, which is particularly interested in having the information from SISBEN available to determine the eligibility of participants in the social security system. The active participation of the community in the selection of beneficiaries as well as the transparency of the process and compliance with the operating regulations should help insure that resources reach the intended beneficiaries.

B. Institutional and financial methods

4.4 One of the unique features of the Network is that it works through existing institutions, most of which have experience with the types of projects to be financed. Even the coordinating structure of the Network was formed primarily from personnel of PNR and FOSES, who joined the Network with years of experience with the types of projects and the target population contemplated in this operation. Though the Network is working with existing institutions and not

creating parallel structures, all of the executing agencies have had to adapt their structures to respond to the new demands.

- 4.5 Though this operation contemplates a loan of US\$250 million over three years, the national government resources to be administered by the Network during 1994-1998 are estimated at US\$1.6 billion (US\$1.255 billion between 1996 and 1998). This amount will increase by approximately 25%-35% once the participation of the regional and local governments and the beneficiaries is included. Attention to social services, particularly for those at the lowest end of the socioeconomic scale, is a high priority for the current administration, and the Network is its most visible initiative in the social field. In addition to the actual services provided, the government places much importance on the manner in which the Network's resources are distributed and the level of participation of the community and civil society, in general. Though the overall size of the investments of the Network may suffer reductions due to budgetary pressure, this will not have a significant impact on the schedule of disbursements of the loan as it represents a small share of the Network's total budget.
- 4.6 Distribution of wealth among Colombian municipalities is very unequal, and frequently those areas with the greatest concentrations of poverty are also the poorest municipalities with extremely limited amounts of discretionary resources. Though poorer municipalities will need to make certain sacrifices to participate in cofinancing the Network's programs, a sliding scale ranging from 10% to 40% will place less of a burden on those municipalities with fewer available resources. 33/

C. Inventory of projects and effective demand

- 4.7 The components of the Network that require detailed preparation of designs and plans are primarily in the employment generation and vocational training, housing/slum upgrading, and rural sanitation areas. In the case of the PGER, the Ministry of Agriculture has been working closely with municipalities in the identification and design of projects, of which it maintains an inventory. The PGEU/CL is a new program, and it will depend primarily upon projects identified in the municipal development plans, many of which will require effort to complete preparation. The housing and sanitation programs will benefit from a backlog of projects exceeding US\$200 million that exists in INURBE and the Caja Agraria; the backlog dates from prior to the establishment of the Network and projects will almost certainly require adjustments to qualify for program funds. For the service components of the Network, demand has been well documented and project preparation

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33/ The sliding scale reflects the categorization of municipalities, which is based on 14 different variables related to the level of development of the municipality.

frequently involves no more than organizing the beneficiary community and selecting an experienced service provider.

- 4.8 Resources for project preparation are adequate. Some executing agencies have nonreimbursable and loan funds available and the Network's regional staff also has access to monies for this purpose. Once there is better public knowledge of how the Network operates and of the requirements for the different programs, it is expected that generation of projects will increase notably.

D. Socioeconomic viability

- 4.9 The purpose of all program components is to improve the quality of life of the poorest and most vulnerable segments of Colombian society. The target population of the Network, which includes undernourished children, the indigent elderly, street children and youth, the unemployed and female heads of household living in extreme poverty, play a direct role in determining the specifics of their programs, the targeting mechanisms, the projects to be financed in each locale, the monitoring of execution, and the operation and maintenance of the project. Community participation in the decision-making levels within the project cycle is a key factor ensuring that the priority projects fill a real need of the population and that their benefits and development impact reach the Network's target population.
- 4.10 During preparation of the operation, which included a series of visits to projects similar to those that the Network will finance in various urban and rural regions of the country, the members of the team confirmed how important it is that the community participate in – and the municipality be committed to – prioritizing, monitoring, operating and maintaining the projects if the benefits expected from them are to be achieved. The team also confirmed how important it is that each program's design include elements like the citizen oversight committees, NGO and private-sector participation, beneficiary self-targeting mechanisms, cost-efficiency criteria, the use of existing means of distribution and infrastructure, integration with other social programs, and easily adaptable and simple procedures for ascertaining the viability of projects and approving them, as well as for disbursing resources and executing programs.
- 4.11 The design of the various programs also includes elements to ensure long-term sustainability. Thus, for example, the municipal and community services projects under the PGEU/CL will only be financed if, as a result of them, partnership businesses are formed that have a good chance of surviving once the financing from the Network has stopped; the infrastructure works to be built will require a commitment on the part of the community and the municipality to operate and maintain them properly; the program of subsidies for the elderly (Revivir) is a specific response to new laws that

charge the municipalities (or agencies they retain) with providing those services.

- 4.12 All these lessons, coupled with those learned when executing other IDB and World Bank programs in Colombia and other countries of the region, are reflected in each set of operating regulations for the Network's 13 programs, which itself is one of the Bank's main contributions to this operation.
- 4.13 In addition, because the Network-financed projects are similar to those that the cofinancing funds and other national agencies are conducting, an effort has been made to use the experience the country has already gained in implementing social programs. The operating regulations for the Network components also draw heavily on the methods that the SNC funds recently agreed upon to identify, prepare, ascertain the viability of and evaluate each type of project from a technical, socioeconomic, environmental, institutional, financial and gender-based perspective, or the methods used by other national-level participating institutions, whichever are appropriate. Building these new methods into the Network's components will guarantee the consistency and quality of the evaluation criteria applied to program-funded projects.
- 4.14 As for whether the various bodies charged with evaluating, executing and monitoring projects have the capacity to implement Network programs, it is important to note the recent decision of the SNC's funds to improve, standardize and simplify their project evaluation criteria and to delegate to the UDECOs the authority to ascertain the viability of projects, monitor their execution and evaluate them, all in keeping with the principles of the current decentralization process in Colombia. INURBE and the Caja Agraria followed suit, and both agreed to delegate much of their decision-making authority to their regional offices.
- 4.15 Until relatively recently the rules and procedures used by most executing agencies at the national level were not clear enough or of acceptable quality to determine the technical feasibility or socioeconomic viability of projects. Because of that weakness in the regional evaluation system, the Network - in conjunction with the agencies that comprise the SNC - devised a strategy for intensive strengthening of the UDECOs. The Network has pledged to evaluate this effort and to make whatever adjustments are needed so that the instruments adopted can fulfill their intended objectives and so that the personnel in charge of analyzing, executing and monitoring projects will have the know-how and support they need to perform their functions properly.
- 4.16 National institutions have responded favorably to the effort to strengthen the capacity to analyze and monitor projects and are using the exercise being carried out for Network programs as a model to be followed in other programs for which they are responsible. Implementation of the SSEPI is expected to be of

considerable help in establishing and managing a computerized database that can determine, *inter alia*, reference prices for what each type of work should cost in each region of the country. This, in turn, will make it easier to ascertain project viability, monitor execution and evaluate projects, and will become an important factor in the efficient channeling of national investment resources.

E. Distributive impact

- 4.17 The Network consists of a set of programs and strategies that complement and reinforce the various elements of the government's overall social policy. Being a social program that benefits exclusively the lowest income groups in the country, it meets the criteria required of an operation targeted at the poorest sectors, according to the standards established for implementation of the mandate under the Bank's Eighth Replenishment.

F. Benchmarks

- 4.18 Benchmarks have been established for each of the components as well as for the overall program to measure: (a) effectiveness of the investments; (b) the cycle of the projects (evaluation, delivery, operation, and monitoring); and (c) achievement of the Network's objectives. The progress achieved will be closely monitored by the Bank throughout implementation, with a formal review that will be performed during an administration mission. The evaluation of the benchmarks will serve as the basis for the semiannual progress reports to be prepared by the Network and will be used in making decisions regarding adjustments to the program during implementation as well as in designing a possible second operation (see Annex IV-1).

G. Environmental considerations

- 4.19 The Environment Committee has classified this program as a Category III operation. The environmental summary concluded that the types of projects financed under the program are small-scale and have generally positive environmental effects. The summary points out that the principal negative environmental effects are associated with infrastructure works during the construction and/or repair phases. In general, the effects anticipated are local, temporary and relatively minor, and the measures to counter these negative effects are simple to institute.
- 4.20 To detect and mitigate possible negative environmental effects, the program's investments will conform to the eligibility and environmental evaluation criteria set forth in Law 99 of 1993 and Decree 1,753 of 1994, regulating environmental licensing. To make it easier to determine the type of evaluation needed, one of the conditions precedent to the first disbursement will be that the Network, in coordination with the Ministry of the Environment and

to the Bank's satisfaction, deliver the environmental-impact evaluation criteria needed to complete the manuals for ascertaining project viability for the 11 types of projects; these manuals will be included in the operating regulations. <sup>34/</sup> The contract will stipulate that the progress reports that the Network presents to the Bank are to contain information on the degree of compliance in executing the measures and procedures for environmental protection. <sup>35/</sup> As a condition precedent to the first disbursement, the Network is to supply the Bank with the resumé and terms of reference of the environmental specialist who will serve as liaison for environmental issues between the Network and the Ministry of Environmental Affairs. The Network is to hire this expert within the 30 days following the Bank's approval of the resumé and terms of reference. <sup>36/</sup>

#### H. Program benefits

- 4.21 The possible benefits to be derived from the Network are numerous, the most basic being an improvement in the living standards and a reduction in the number of Colombians living in extreme poverty. Through a concentration of social program resources within a targeted population group, the Network is striving for a greater impact from government social sector investments.
- 4.22 The redirection of government spending to the poorest socioeconomic groups will also be a major achievement of the Network. Prior to the Network's creation, numerous social program resources did not reach society's most distressed segments because access, for a variety of reasons, was simply too difficult. As a result of the Network, executing agencies are being encouraged and assisted to find ways to reach these groups.
- 4.23 The enhancement and strengthening of existing government institutions, rather than creating parallel structures, is another important element of the Network. The Bank, working closely with the Network, has identified weaknesses in the institutional structures of a number of the executing agencies. Action plans have been initiated to deal with these problems, and procedures have been designed to facilitate greater transparency and efficiency in the execution of projects and delivery of services under the program. Efforts to improve efficiency and implement institutional reforms have extended to entire executing agencies, much beyond a unit or department with responsibility for the program financed with Network funds.
- 4.24 The Network will help reduce poverty and relieve the economic burden in the poorest female-headed households, especially through

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<sup>34/</sup> See contractual clauses.

<sup>35/</sup> See contractual clauses.

<sup>36/</sup> See contractual clauses.

programs in: (a) employment and training, using hands-on training methods that will be very well suited to women - as they are more likely to lack job experience - and will use and improve the human capital of the poor female population and thus enable them to increase their income; and (b) housing, since households headed by women, because they need help in caring for their children, tend to share a roof with other families, which means overcrowding and especially since among heads of household the percentage of women who do not have their own housing is considerably higher than among men.

- 4.25 Moreover, programs designed to benefit women exclusively, such as the PAMI and the program to assist school-age children who are dependents of female heads of household, will help lighten their economic burden. The program for the indigent elderly will also have a considerable impact on women, since women represent 57% of the elderly population; the number of widows is greater; and they receive less income and less social security coverage.
- 4.26 The Network's programs will help to bring stability to regions of the country suffering from high levels of violence and insecurity, which is one of the government's prime objectives. The Network represents a new way of distributing government resources. Groups that have never had the opportunity to participate in prioritizing needs, defining projects, and selecting beneficiaries of social programs will now be participating in decision-making on these matters. The Network will operate in an open and transparent fashion, and the outcomes of investments are expected to better reflect the preferences of the beneficiary population.

I. Program risks

- 4.27 The greatest risk to the successful implementation of this operation is that the Network might not be capable of managing the wide range of programs and the volume of projects within each. The Network, as coordinating unit, is ultimately responsible for the program's implementation, but it will depend significantly upon other structures within the system at the different levels to promptly identify problems and work toward their resolution.
- 4.28 Efficient delivery of social services, an important objective of the Network, is complicated by weaknesses that have been detected in certain of the program's executing agencies. This is particularly the case for the PGER, administered by DRI, and the rural sanitation and housing improvement program, executed by the Caja Agraria's Housing Department. Resolution of institutional problems (particularly in the case of the Caja Agraria) will be complicated by the significant level of resources to be administered during this year and the next. The two institutions have embarked upon major restructurings, and initial progress was noted during program preparation. Nevertheless, the Bank will need to keep monitoring

both situations closely, as institutional difficulties could have a serious impact on the implementation of the Network's activities.

- 4.29 Another significant risk is that program funds might not reach beneficiaries. Local leaders could exert undue influence in the selection of beneficiaries or appropriate the funds for themselves, and this would only be detected at the time of the ex post evaluation. If the Network or the executing agencies detect any problems, they will be empowered to withhold disbursements to departments or municipalities. The risk of undue appropriation of funds will be minimized by the regional presence of the Network, the citizen oversight committees, and the external evaluation system.
- 4.30 Of utmost importance to effective implementation is assuring the functioning of the local monitoring structures, or citizen oversight committees. As most of the projects are small and the executing agencies have a limited regional presence, the local community, particularly the beneficiaries, must closely supervise execution. Another priority is strengthening the UDECOs and, in general, the SNC. The UDECOs initially will be responsible for the evaluation and monitoring of only a few of the Network's programs, but the intention of a number of the executing agencies is to transfer that task once the UDECOs demonstrate capacity to absorb additional responsibilities.
- 4.31 Another way to ensure satisfactory execution is through a strong monitoring and evaluation system. This is an area that has historically been weak in Colombia, but in recent times has received great attention and significant investment. One of the early results of the Network is that it has encouraged each of the executing agencies to strengthen and, in a few cases, create monitoring and evaluation systems. The basic model is a structure designed by the DNP to be used mainly for the SNC. Though it will take some time for the system to be functioning effectively throughout the country, it will contribute to managing the program's risks.
- 4.32 A unique feature of this operation is the permanent use of an external review system. This system will compensate for some of the weaknesses in monitoring and evaluation detected in certain of the executing agencies and will provide objective information to assist in the administration of the program. It will also aid in determining the achievement of objectives of the Network that are not easily measurable, such as the level of community participation, the success of the targeting of the program's resources, and the effect of the program in assisting people to work their way out of conditions of extreme poverty. The willingness of the Network to submit itself to public scrutiny through the ongoing evaluation of its programs by the aforementioned network of universities is a clear indication of its commitment to make the



best possible use of its resources in order to achieve the program's goals with transparency and efficiency.

- 4.33 The Bank's constant monitoring of this operation through the Country Office, as well as a more formal annual review, will detect problems and assist with the formulation of recommendations to improve program execution. If the Bank finds that an executing agency is not complying with the operating regulations for program implementation, it will have the ability to declare the executing agency and specific program ineligible for the program's resources.
- 4.34 There is also a risk that women's participation might be limited owing to cultural considerations, traditions or trust. This situation could be overcome through effective action by the Network and the executing agencies, as well as compliance with the operating regulations that were especially drawn up for this purpose. Similarly, the awareness training to be given to agencies that support women will have a special impact in minimizing this risk.
- 4.35 Given the specific features of some of the projects, the job creation programs run the risk of having limited participation by women. Accordingly, it was decided that women's participation should be evaluated periodically so that, if such a situation does arise, eligible projects can be redefined in such a way as to give women greater access to the program's benefits.
- 4.36 The Social Solidarity Network is an ambitious, creative initiative of the Government of Colombia. Its goals range from poverty alleviation and reduction to concentration of social program resources among a targeted population that traditionally has not benefited from such programs. The Network has a difficult function of coordination, for which it has had to define its role, while respecting the autonomy of the executing agencies and the local governments. As the most visible program of the current administration, the Network has much political support for the implementation of its agenda. During its first year of operation, the Network has demonstrated a capacity to organize quickly, to negotiate with the many players involved in the program, and to initiate a significant investment program, all of which generate confidence on the part of the Bank that the Network will be able to control the numerous risks inherent in this operation.

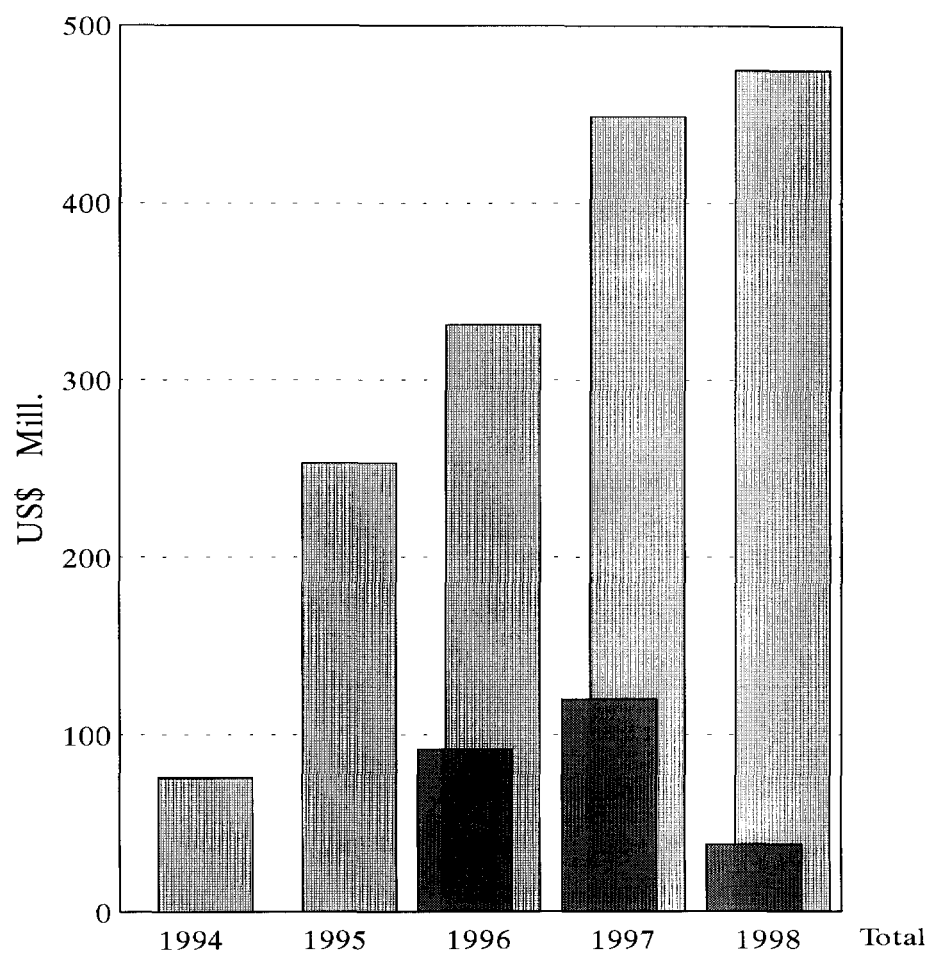
## Budgets of the executing agencies and specific programs of the Red de Solidaridad Social

(US\$ millions) (1)

Agency Investment Budget		Programs Red de Solidaridad Social	Red Program Budget						Red Program Budget 1995 as % of Agency Budget 1995	Avg. Budget Red Program (1995-98) as % Avg. Agency Budget (1994-95)	Be
1994	1995		1994	1995	1996 (proj.)	1997 (proj.)	1998 (proj.)	Total 1994-98			
10.4	42.5	- Urban employment and		20.6	14.0	27.6	32.0	94.2	48.5%	89.0%	
		- Vocational training			6.0	13.9	20.5	40.4	0%	38.2%	
		Transfer to indigent elderly	9.5	20.7	28.0	63.0	65.0	186.2	48.7%	167.0%	
		Parks	0.9	1.2	3.0	5.0	6.0	16.1	2.8%	14.4%	
		Street children			1	2	5	8.0	0%	7.6%	
		Recyclers			1	1	2.5	4.5	0%	4.3%	
157.5	178.7	Rural employment	6.3	18.5	23.5	25.6	35.4	109.3	10.4%	15.3%	
86.4	164.4	Urban Housing/slum upgrading		62.0	66.0	82.0	95.0	305.0	37.7%	60.8%	
157.9	224.5	Slum upgrading		13.9	16.0	48.0	50.0	127.9	6.2%	16.7%	
43.6	63.9	Rural Housing/social infrastructure	31.3	32.8	51.0	67.2	66.0	248.3	51.3%	101.0%	
287.0	429.1	Nutritional supplement	12.2	42.0	43.0	43.0	49.5	189.7	9.8%	12.4%	
		Rural nutrition		2.1	6.0	8.0	1.5	17.6	0.5%	1.2%	
205.4	268.2	Bond to schoolchildren dependent on women heads of households	0.9	4.6	10.0	10.0	11.5	37.0	1.7%	3.8%	
28.0	39.0	Scholarships talented students	0.1	0.3	1.0	1.0	1.5	3.9	0.8%	2.8%	
192.5	316.2	PAMI/equip. health posts	15.1	34.5	50.0	38.0	27.3	164.9	10.9%	14.7%	
1,168.7	1,726.5		76.3	253.2	319.5	435.3	468.7	1,553.0	14.7%	25.5%	2

US\$ of 1995

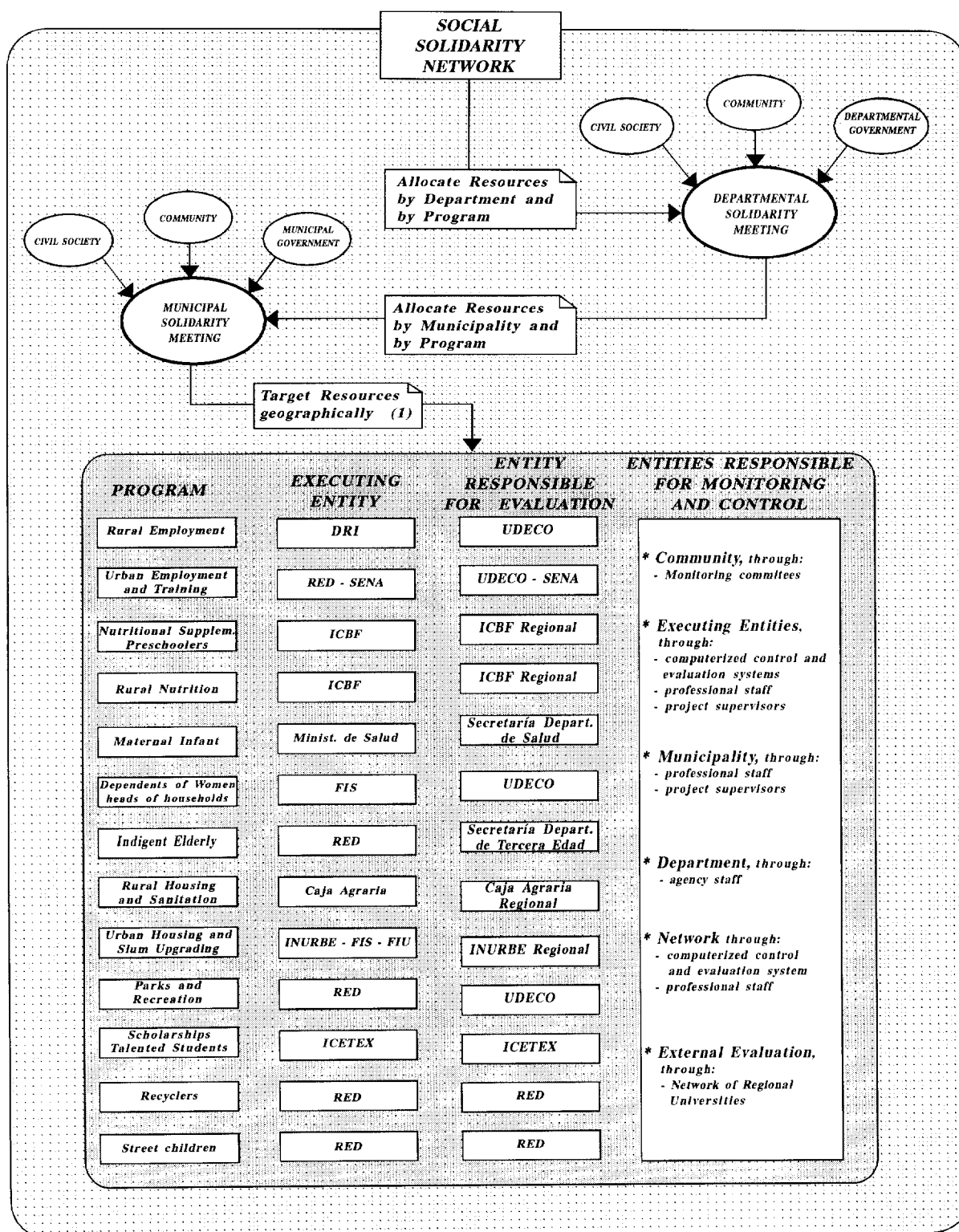
# **SOCIAL SOLIDARITY NETWORK** **Participation of the IDB in investments 1994 - 1998**



Participation IDB			92	120	38	250
Network Program	76	253	331	449	475	1.584

# SOCIAL SOLIDARITY NETWORK

## PARTICIPATING INSTITUTIONS



- (1) The Municipalities present the projects to the entities responsible for evaluation on behalf of the executing agencies of the respective program.

# SOCIAL SOLIDARITY NETWORK

## REPRESENTATIVE PROJECT CYCLE

ANNEX

Pag.

CENTRAL LEVEL



Establishes the maximum budgets by Department according to Poverty Index and other relevant factors of each program

**INDICATIVE BUDGETS BY PROGRAM AND BY DEPARTMENT**

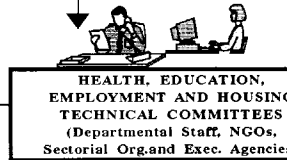
DEPARTMENTAL LEVEL



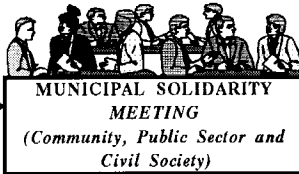
Defines budgets by municipality and by program

**INDICATIVE BUDGETS BY PROGRAM AND BY MUNICIPALITY**

Prepare proposal of budgets by municipality and by program

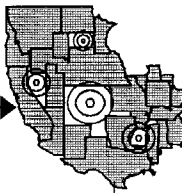
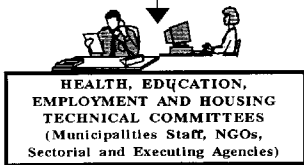


MUNICIPALITY AND COMMUNITY LEVEL

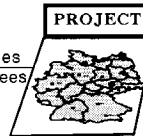


Prepare proposal of geographical targets

Defines geographical targets



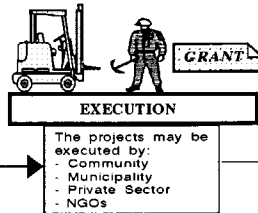
Municipality and Community prepare the project with local support and NGOs



Projects approved; beneficiaries selected by Technical committees



The approved projects are given to the executing agency



Contractors hired and the projects executed

The beneficiaries receive the services or works



GENERAL OPERATING REGULATIONS OF THE  
SOCIAL SOLIDARITY NETWORK

CHAPTER I. OBJECTIVE AND DEFINITIONS

ARTICLE 1: Objective.

These regulations set forth the procedures and basic rules that will: govern the operation of the Social Solidarity Network and its programs; define the project cycle, from the time it is identified up to and including its final evaluation; and stipulate the duties and responsibilities of the parties involved. These regulations shall be an integral part of the specific regulations for each Network program.

These operating regulations conform to the guidelines of the Social Solidarity Network and the provisions of Loan Contract \_\_\_\_\_, concluded between the Republic of Colombia and the Inter-American Development Bank, and may be revised and amended by mutual agreement of the Social Solidarity Network and the Inter-American Development Bank.

Definitions.

For purposes of these operating regulations, the following definitions are established:

- a. **IDB:** Inter-American Development Bank.
- b. **BPIN:** Banco de Proyectos de Inversión Nacional [National Investment Projects Bank].
- c. **Caja de Crédito Agrario, Industrial y Minero (Caja Agraria)** [Agricultural, Industrial and Mining Loan Bank]: The Caja Agraria is a government institution created under Law 57/31, attached to the Ministry of Agriculture and charged with promoting the agricultural sector. It is the national executing agency of the Rural Basic Sanitation and Housing Improvement Program.
- d. **Cofinancing resources:** Supplementary resources from the national government to finance local government projects aimed at implementing development strategies of special interest to the nation.
- e. **CONPES:** Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council].
- f. **Indicative budget:** Maximum allocation budgeted for each local government unit.

- g. **DNP:** Departamento Nacional de Planeación [National Planning Department].
- h. **National executing agency [entidad ejecutora nacional] (EEN):** National agencies whose budgets have been assigned resources for the Social Solidarity Network's programs. They include: the Caja Agraria, the Fondo de Cofinanciación para la Inversión Rural [Rural Investment Cofinancing Fund], the Fondo de Inversión Social [Social Investment Fund], the Instituto Colombiano de Bienestar Familiar [Colombian Family Welfare Agency], the Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior [Colombian Institute for Educational Loans and Technical Studies Abroad], the Instituto Nacional de Vivienda de Interés Social y Reforma Urbana [National Low-cost Housing and Urban Reform Institute], the Sociedad Financiera de Desarrollo Territorial S.A. (as administrator of the Fondo de Cofinanciación de la Infraestructura Urbana [Urban Infrastructure Cofinancing Fund]), the Ministry of Health and the National Learning Service.
- i. **Local executing agency [entidad ejecutora territorial] (EET):** The departments, districts, municipalities and indigenous territories that enjoy autonomy for purposes of managing their objectives.
- j. **EBI fact sheet:** Basic investment statistics fact sheet produced by the DNP's National Investment Projects Bank.
- k. **Fondo de Cofinanciación para la Inversión Rural [Rural Investment Cofinancing Fund] (DRI):** A government institution attached to the Ministry of Agriculture and created under Law 47/85, then restructured under Decree-Law 2,132/92. It is charged with cofinancing investment projects in rural areas, farm economy projects, settlement projects and indigenous community projects whose purpose is to promote rural development in the area. It is also the national executing agency of the rural job creation program.
- l. **Fondo de Cofinanciación para la Infraestructura Urbana [Urban Infrastructure Cofinancing Fund] (FIU):** A government institution created under Decree-Law 2,132/92 and charged with cofinancing urban and rural investment projects for water supply systems, marketplaces, slaughterhouses, cleaning, waste treatment, urban roads, parks, sports grounds, public tourism areas and disaster-prevention works. It is also a national executing agency of the habitat improvement works under the improved urban housing and habitat and new housing construction program.
- m. **Fondo de Inversión Social [Social Investment Fund] (FIS):** A government institution created under Decree 2,132/92 and attached to the DNP. It cofinances projects in the health and education sectors and includes recreation, culture and sports. It is a national

executing agency of the improved urban housing and habitat and new housing construction program.

- n. **Instituto Colombiano de Bienestar Familiar [Colombian Family Welfare Agency] (ICBF):** A government institution attached to the Ministry of Health, created under Law 75/68 then reorganized under Law 7/79, and charged with protecting and providing support for minors and families. It is also a national executing agency of the nutritional supplement program for preschoolers cared for at community child care centers and the nutritional supplement program for preschoolers who are not in the care of community child care centers.
- o. **Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior [Colombian Institute of Educational Loans and Technical Studies Abroad] (ICETEX):** A government institution created under Decree 2,186/50, reorganized under Decree 2,129/92, and attached to the Ministry of National Education. It is in charge of granting loans and study grants to students for studies within the country and abroad and is a national executing agency of the program of study grants fellowships for athletically and artistically gifted youth.
- p. **Instituto Nacional de Vivienda de Interés Social y Reforma Urbana [National Low-cost Housing and Urban Reform Institute] (INURBE):** A government institution attached to the Ministry of Economic Development and created through Law 9/79, charged with executing urban development and housing policies. It is a national executing agency of housing construction under the improved urban housing and habitat and new housing construction program.
- q. **Poverty threshold:** Minimum subsistence level calculated by the Departamento Administrativo Nacional de Estadística (DANE) on the basis of surveys conducted in 33 urban areas and 4 rural areas.
- r. **NGO:** Nongovernmental organization.
- s. **Unmet basic needs (UBN):** A poverty index that takes five variables into consideration: (i) lack of adequate housing; (ii) lack of access to basic utilities (electric power, water supply, and sanitation); (iii) overcrowding (more than three people per room); (iv) school-age children not attending classes; and (v) a high number of dependents per salaried worker (more than three).
- t. **Program:** A set of homogeneous activities within an economic, social, financial or administrative sector designed to accomplish goals established by the national government through a combination of human, material and financial efforts.
- u. **Project:** Activities, with their corresponding resources, designed to address specific needs.



- v. **Social Solidarity Network (the Network):** (i) a government institution attached to the Administrative Department of the Office of the President of the Republic and created under Decree 2,099/94, and (ii) a government program designed to improve the living conditions of the poorest and most vulnerable segments of society, working through various national agencies that execute - in a coordinated fashion - social programs and programs to guarantee social participation.
- w. **Servicio Nacional de Aprendizaje [National Learning Service] (SENA):** A government institution attached to the Ministry of Labor and created under Decree-Law 118/57, then restructured under Law 119/94. It is charged with conducting technical training programs for workers in the formal sector of the economy. It is a national executing agency of the training component of the urban employment and vocational training program and the job training program.
- x. **National Cofinancing System [Sistema Nacional de Cofinanciación] (SNC):** Conduit for national resources to supplement the financing of investment projects carried out by the local governments provided they are of special interest to the nation. The system is made up of the Fondo de Cofinanciación para la Inversión Social [Social Investment Cofinancing Fund] (FIS), the Fondo de Cofinanciación para la Inversión Rural [Rural Investment Cofinancing Fund] (DRI), Fondo de Cofinanciación de Vías [Highway Cofinancing Fund] (FCV), Fondo de Cofinanciación para la Infraestructura Urbana [Urban Infrastructure Cofinancing Fund] (FIU), and the Social Solidarity Network.
- y. **Sistema de Selección de Beneficiarios para Programas Sociales [System for Selecting Beneficiaries for Social Programs] (SISBEN):** A tool that facilitates socioeconomic analysis of the population for purposes of the municipality's social development plans, and the technical selection of beneficiaries for social programs.
- z. **Sociedad Financiera de Desarrollo Territorial S.A. (FINDETER):** A mixed corporation attached to the Ministry of the Treasury and Public Credit and created under Law 57/89. It is charged with providing financing to local governments for construction of local development works and is an administrative agency of the Urban Infrastructure Fund, a national executing agency of habitat works under the improved urban housing and habitat and new housing construction program.
- aa. **Departmental Cofinancing Units [Unidades Departamentales de Cofinanciación] (UDECOs):** Departmental offices whose purpose is to promote the SNC, to do technical evaluations of projects proposed by local governments before those projects are presented to the cofinancing funds and to monitor projects financed with SNC resources.

## CHAPTER II. OBJECTIVES, PRINCIPLES AND GENERAL CRITERIA OF THE SOCIAL SOLIDARITY NETWORK

### ARTICLE 2: Objectives of the Network.

The basic objectives of the Network are: (a) improve the quality of life of the poorest and most vulnerable segments of the population by tapping their capabilities and initiatives so that they are able to rise out of poverty; (b) ensure coordination, coherence and effectiveness among the various social programs; (c) improve the coverage, accessibility and quality of social services and the operation of the institutions in charge of social investment, based on a comprehensive approach, and (d) improve the government's ability to respond to social problems and move forward with decentralization and modernization of the State in the social area by promoting organized community participation in the targeting, monitoring and evaluation of investments.

### ARTICLE 3: Principles.

The guiding principles of the Network's activity are the following:

- a. **Transparency** in identifying beneficiaries and in managing resources; in making all Network activities a matter of public record; in guaranteeing the availability of information, and in the right to an intelligent, efficient and socially effective process built on citizen participation.
- b. **Validation** or acceptance – by the various agents of society – of decisions regarding geographic coverage, selection of beneficiaries and the mechanisms used to carry out, monitor and evaluate Network programs.
- c. **Equity** in the use of resources where the concentration of the poor is highest and in keeping with the local government's financing and cofinancing abilities to ensure that the benefits reach those segments of the population traditionally excluded from the development process.
- d. **Concentration and complementarity** in two respects: First, Network-generated programs and projects should converge on special or family units in order to improve the return on the investment, to allow for the beneficiaries' social mobility, and to expand the impact of the activities into the surrounding area. Second, as an integral part of the State's social policy and as a specific social and human development strategy, the Network will be consistent with sector policy in order to achieve a gradual, concentrated effect on the population and on the areas in which it intervenes.
- e. **Participation** of society in all aspects of the program.

- f. **Cohesiveness of the program's** components so as to improve the return on investments and the beneficiaries' chances of social mobility.
- g. **Management and control** to guarantee quality, responsiveness and transparency in delivery of the services.

**ARTICLE 4: General criteria.**

The Network's operating criteria are as follows:

- a. **Concerted action:** The task of building the Network is a collective responsibility that will involve all actors at every level of the Network's operation. All civil society and political parties and movements, without exception, must be recruited to take part voluntarily; the various beneficiary groups will participate directly, and will be encouraged to organize and select their representatives. Concerted actions will be adapted to determine geographic and population coverage, prioritize resources and decide which systems will be used to assign investments and execute and evaluate projects.
- b. **Targeting:** To ensure that Network activities enhance the beneficiaries' living conditions and social milieu, i.e. to guarantee a proper impact, geographic and population targeting will be required so that Network programs can function as an integrated whole. Therefore, after enlisting the public and by means of a concerted effort, the resources of the Network's various programs will target geographic areas and family units.
- c. **Proactivity:** An active search must be made to find Network target populations, since the latter will have neither the means nor the capacity to assert their own demands and bring their personal or human development needs to the attention of State institutions. This approach is different, therefore, from the passive approach typical of many social policy programs, where demand must assert itself first.
- d. **Financing:** Because of uneven levels of development, both in the target population and in the budgetary capacity of the local governments, the Network's financing of its programs will consider, *inter alia*, the institutional development of the municipalities and departments, their cofinancing capacity and what percentage of the total local population are potential beneficiaries.

### CHAPTER III. PROGRAMS OF THE NETWORK

#### ARTICLE 5. Programs of the Network.

The Network comprises the following programs, which are described in greater detail in their respective operating regulations:

- a. Urban employment and vocational training (PGEU/CL)
- b. Rural employment (PGER)
- c. Job training
- d. Improvement of urban housing and slum upgrading and new housing construction
- e. Parks and recreational areas (Recrear)
- f. Basic sanitation and improvement of housing in rural areas (Vivir Mejor)
- g. Maternal and infant care (PAMI)
- h. Nutritional supplement for preschoolers at community child care centers
- i. Rural nutritional supplement for preschoolers who are not in the care of community child care centers
- j. Aid for school-age dependents of female heads of household
- k. Support for athletically and artistically gifted youth
- l. Indigent elderly (Revivir)
- m. Care for indigent urban youth
- n. Trash recyclers

### CHAPTER IV. THE NETWORK'S ORGANIZATIONAL STRUCTURE

#### ARTICLE 6: National structure.

- a. The General Management Office of the Social Solidarity Network. This office coordinates execution of Network programs at the national level and carries out special programs.

- b. **National Solidarity Forum.** This is a forum in which society, organized labor and institutions participate and coordinate their work. It is made up of representatives of the ministries, national executing agencies, local executing agencies, trade associations, organized labor and farm organizations, nongovernmental organizations, academic sectors and political parties. Its purpose is to negotiate a basic agreement on the principles and criteria for the Network's activities at the national, departmental and municipal levels.

(i) **Functions.** The functions of the National Solidarity Forum are to decide on geographic targets, assign the departmental indicative budgets based on the targeting criteria and the demand expressed by the Departmental and Municipal Solidarity Forums, develop policies for interinstitutional coordination, engage segments of civil society in the execution of the Network, evaluate programs and propose their reformulation when necessary, and approve the membership of the National Technical Sector Committee.

(ii) **Procedures.** Convocation of the Forum will be widely publicized in the mass media, no less than two weeks in advance, under the direction of the General Management Office of the Social Solidarity Network. There is no quorum requirement. The decisions of the Forum will be taken by an absolute majority of those present at each meeting. The Forum meeting will last no more than five working days, unless it decides to prolong its meeting. All decisions adopted at the Forum will be in the form of binding agreements, which will be in the public domain.

- c. **National Technical Sector Committees.** These committees will be chaired by a representative of the General Management Office and will consist of representatives of the EENs, EETs and civil society who have been approved by the National Solidarity Forum. They will be divided into the following groups: housing, employment, health and education.

(i) **Functions.** The functions of these committees will be to recommend, for approval by the National Solidarity Forum, criteria for ensuring consistency between the policies of the national executing agencies and those of the local governments; to draft procedures and methods for processing projects and carrying out programs, which will then be referred to the national executing agencies and the Network's General Management Office for a decision; to propose criteria for assigning the departmental indicative budgets according to the geographic targeting; and to make other national policy decisions of a technical nature needed for the programs to be carried out properly.

- (ii) **Procedures.** All decisions adopted by these committees will be in the form of binding resolutions, which will be public and which will embody the conceptual, technical and operational agreements.

**ARTICLE 7: Departmental structure.**

- a. **Departmental Management Group.** This organizational task force is chaired by the governor and composed of representatives of the national executing agencies within the respective department, a representative of the municipalities chosen by the mayors of the department, and three representatives of civil society, selected by the governor. Its function will be to assist the Network's General Management Office in convening the Departmental Solidarity Forum and to promote the technical sector committees. It will also serve as a channel of communication between the Network's General Management Office and the department.
- b. **Departmental Solidarity Forum.** This is a forum in which society, organized labor and institutions participate and coordinate their work. It functions around the departmental planning council, composed of the governor of the department, the mayors of the department, the departmental assembly, the EETs, representatives of the business sector, NGOs, representatives of religious organizations and universities.
  - (i) **Functions.** The functions of the Departmental Solidarity Forum will be to decide on geographic targeting; assign the municipal indicative budgets by program; promote forms of citizen participation; consider the semiannual management and evaluation reports of the EETs; ensure application of the Network's principles and criteria and approve the membership of the departmental technical sector committee.
  - (ii) **Procedures.** Convocation of the Departmental Solidarity Forum will be widely publicized in the mass media not less than two weeks in advance, under the direction of the Network's General Management Office. The only requirement to participate in the Forum is attendance at the meeting. There will be no required quorum and the decisions of the Forum will be adopted by an absolute majority of those present at each meeting. Each meeting of the Forum will last no more than five working days, unless the Forum itself decides to extend its meeting. All decisions adopted at the Forum will be in the form of binding resolutions, which will be in the public domain.
- c. **Departmental Technical Sector Committees.** These committees will be chaired by the technical secretary of the Departmental Management Group and composed of representatives from the EENs, the EETs and

representatives of civil society who have been approved by the Departmental Solidarity Forum.

(i) **Functions:** The functions of these committees are to substantiate, for confirmation by the Departmental Forum, the geographic targeting of the programs and prepare a sector action plan, evaluate and monitor the Network's programs and prepare reports on the status of project execution at the departmental level. It will assist the Forums and propose to the Network's General Management Office mechanisms for advising the municipalities on how to define, formulate and execute projects and will supply accurate information necessary for citizen oversight. They will be grouped as follows: housing, employment, health and education.

(ii) **Procedures:** All decisions adopted in the Committee will be in the form of binding resolutions, which will be public and which will embody the conceptual, technical and operational agreements.

#### **ARTICLE 8: Municipal structure.**

a. **Municipal Management Group.** This organizational task force will be chaired by the mayor and composed of the departmental representatives of the national executing agencies, two representatives from the municipal council (selected by the council) and three representatives from civil society (selected by the mayor). Its functions will be to promote the Network's programs, the municipal technical sector committees and the Municipal Solidarity Forum. It will also see to it that the criteria for selecting beneficiaries are observed when projects are defined, cofinanced and executed. Finally, it will be responsible for publicizing Network programs and the list of beneficiaries and for promoting and cultivating the beneficiaries' participation in Network activities.

b. **Municipal Solidarity Forum.** This is a forum in which society, organized labor and institutions participate and coordinate their work. It functions around the municipal planning council, and will be composed of the mayor of the municipality, representatives of the national executing agencies, members of the municipal council, nongovernmental organizations, and members of civil society.

(i) **Functions.** The functions of the Municipal Solidarity Forum will be to target resources, by program, within the municipality; see that the programs and projects of the Social Solidarity Network are part of the municipal development plan; promote the formation of citizen oversight committees; and approve the members of the municipal technical sector committee. Depending upon the program

concerned and in accordance with the provisions of the respective regulations, the municipal forum is also to identify and approve the projects to be financed and, if there are no identified projects, establish the procedure for identifying them; approve beneficiaries, declare them eligible, or steer the beneficiary selection process.

- (ii) **Procedures.** Convocation of the Municipal Solidarity Forum will be widely publicized in the mass media, at least two weeks in advance under the mayor's direction. The only requirement to participate in the Forum will be attendance at the meeting. There will be no quorum requirement. Decisions of the Forum will be taken by an absolute majority of those present at each meeting. Every meeting of the Forum will last not more than five working days, unless the Forum itself decides to extend that time period. All decisions adopted within the Forum will be in the form of binding agreements, which will be in the public domain.
- c. **Municipal Technical Sector Committees.** These committees will be chaired by the technical secretary of the Municipal Management Group and composed of representatives of the EENs, the EETs and civil society who have been approved by the Departmental Solidarity Forum.
- (i) **Functions.** The committees' functions will be to propose projects for approval by the Municipal Solidarity Forum, geographically target programs within the municipality, publish the list of beneficiaries, help organize the community oversight committees, evaluate and monitor the Network's programs and prepare reports on the execution status of municipal projects. Depending on the program, and in accordance with the provisions of the respective operating regulations, the municipal technical sector committee will select beneficiaries or declare them eligible. They will be grouped as follows: housing, employment, health and education.
  - (ii) **Procedures.** All decisions taken within the committee will be in the form of binding agreements, which will be in the public domain and will embody the conceptual, technical and operational agreements.

#### CHAPTER IV. OPERATION OF THE NETWORK

##### ARTICLE 9: Investment targeting.

Network resources at the national, departmental and municipal levels will be distributed geographically, by program, based on the incidence of



poverty as shown by the UBN from the most recent census data. The national government's social policy and the demand expressed by the Departmental and Municipal Solidarity Forums will also be taken into account.

- a. **Assignment of departmental indicative budgets.** The Network's General Management Office, in coordination with the national executing agencies and in consultation with the social, economic and political sectors, will prepare an annual proposal suggesting the indicative budgets for each department and program, for approval by the National Solidarity Forum.
- b. **Assignment of municipal indicative budgets.** Once the departmental indicative budgets have been assigned, the Departmental Solidarity Forum will assign the municipal indicative budgets for each program. The Departmental Forum has the authority and the autonomy to establish provincial or regional targets within its territory, provided the guidelines in these regulations are followed. The distribution is done on the basis of a proposal that the technical sector committees present to that Forum. The Departmental Management Group is responsible for promoting and furthering this process.

The allotment of resources at the departmental and municipal levels will be indicative, and requirements set forth in the respective operating regulations of the program are to be observed. Should any municipality fail to comply with those requirements, the Departmental Forum may reassign the funds to another municipality within the department, or the Network may reassign funds from one department to another, in response to demand, during the course of the budget year.

- c. **Project selection.** The Municipal Solidarity Forum will target the locations (neighborhoods and villages) where program resources will be invested, within the indicative budgets established by the Departmental Forum. Community priorities and the eligibility criteria described in each program's regulations will be taken into account. Depending on the program and in accordance with the provisions of the respective regulations, project proposals will be presented to the pertinent authority for approval. The Municipal Management Group will be in charge of promoting and furthering this process.

#### **ARTICLE 10: Identification of beneficiaries.**

- a. **Target population.** Colombians who have at least one basic need unmet and a monthly income of less than 1.7 times the minimum subsistence level.

- b. **Registration.** If necessary, once a project has been publicized in the targeted area, interested parties may be registered at places easily accessible to the beneficiaries.
- c. **Selection.** The beneficiaries of each program will be selected according to these regulations and the criteria stipulated in the regulations for each program. In any event, the use of self-targeting mechanisms will be encouraged in the selection of beneficiaries.
- d. **Validation.** Once the beneficiaries have been selected, their names will be widely circulated within their community, at easily accessible places. The selection decisions may be overridden whenever it is established that the stated requirements have not been satisfied.

**ARTICLE 11: Project preparation.**

Projects will be prepared in accordance with the provisions of their respective regulations. The municipalities or departments may participate in project preparation either directly or through third parties, NGOs or the community itself.

**ARTICLE 12: Technical certification of projects.**

- a. The appropriate authorities will ascertain the viability of projects once their eligibility based on the following criteria has been established:
  - (i) They are located in areas that the Forum has defined as having priority.
  - (ii) The project costs financed with national resources are not higher than the indicative budget assigned by the Forum.
  - (iii) The cofinancing counterpart contribution is guaranteed for projects that require it.
  - (iv) The beneficiaries and the EETs meet the requirements of the program.
  - (v) A statement of commitment has been issued whereby the beneficiary community pledges to participate in the project.
  - (vi) All program-related criteria – as described in the respective operating regulations – have been met.
  - (vii) The respective agencies guarantee to maintain the works built under the program, in accordance with the provisions contained in the respective regulations.

- b. If these eligibility requirements are met, a viability analysis will be done following the technical manuals that the EENs and the Network have jointly designed for that purpose. If a project is found not to be viable, it will be returned to the EET that presented it so that it may be adjusted or replaced by another project, identified in accordance with the provisions of these regulations. Once a project has been analyzed, a final viability report will be prepared and sent to the municipality and to the EEN.
- c. The department or municipality will then submit the project and its supporting documents for purposes of the technical, institutional, financial, economic, social, gender and environmental viability study. Depending upon the cost and complexity of the project in question, the EEN may either directly determine a project's technical viability or delegate this authority to a regional agency. The following will be the authorities to which projects in the indicated programs are to be referred for technical certification:
  - (i) The UDECO: the PGEU/CL, PGER, Recrear, aid to school-age dependents of female heads of household.
  - (ii) Regional office of INURBE and the UDECO: the urban housing improvement program. INURBE will receive proposals and forward to the UDECO those that contain a slum upgrading component for the appropriate viability study.
  - (iii) The Caja Agraria's regional management: Vivir Mejor program.
  - (iv) The ICBF's regional office: rural nutritional supplement program.
  - (v) The ICETEX regional office: the study grant program for athletically and artistically gifted youth.
  - (vi) Departmental offices, institutes or bureaus of health: PAMI.
  - (vii) Departmental office in charge of the elderly: the Revivir program. If there is no departmental office, the Network will be the evaluating agency.
  - (viii) The Network: indigent urban youth program and trash recyclers program.
  - (ix) SENA's regional office: the job training program.

**ARTICLE 13: Contracting and transfer of resources.**

Contracts for financing Network programs will be of different kinds, depending on the type of program. The following general standards will be observed, notwithstanding the provisions of a specific program's operating regulations:

- a. **Programs for which the Network is directly responsible: Recrear, Revivir, trash recyclers, indigent urban youth and PGEU/CL.** Once the beneficiaries have been identified and targeted and the project has been approved, and to formalize the understanding reached between the Network and the EET, an agreement will be concluded setting the specific amounts for each project, the objective, the period of execution and, where appropriate, the agency responsible for maintaining works, operating systems, collecting fees, and so forth. The agreement may be in one of the following three forms:
- (i) **A framework agreement** between the Network and the EET for execution of the programs. The amount stipulated in the contract will be the equivalent of the EET's assigned indicative budget. The contract will have to be amended as new projects come on line, by means of an addendum containing the specifications of each project.
  - (ii) **Technical-cooperation agreements** between the Network and decentralized departmental institutions that have sufficient technical and administrative infrastructure to delegate administrative responsibilities and conclude contracts with the EETs.
  - (iii) **Service contracts** between the Network and NGOs for administration and execution of specific projects.
- b. For programs not under the Network's direct administration, resources will be transferred to the EENs and from the EENs to the EETs or NGOs via differing methods, depending on the provisions of the respective operating regulations. The financing agreements will stipulate the specific amounts for each project, the objective, the period of execution and, where necessary, the agency responsible for maintaining works, operating systems, collecting fees, and so forth. The following basic guidelines will be observed:
- (i) The PGER, urban housing and slum upgrading and aid to school-age dependents of female heads of household will be funded under the SNC. The DRI, FINDETER, and the FIS will contract with the EETs once the UDECO has certified a project's viability and forwarded it to the Fund together with its supporting documentation.
  - (ii) The program for the improvement of urban housing and slum upgrading and new housing construction will be the responsibility of INURBE. Through a trustee agreement, INURBE will pay the subsidies to an account opened in the name of the program's beneficiaries. The municipality will do the contracting necessary for execution and inspection of the works, pursuant to applicable legislation.

- (iii) In the case of the programs to provide nutritional supplements to preschoolers at community child care centers, rural nutritional supplements for preschoolers who are not in the care of community child care centers, study grants for artistically and athletically gifted youth, and PAMI, their executing agencies will transfer the funds to the respective regional agencies, which will contract with either the EET or an NGO or other agency to execute the project.
- (iv) In the case of the Vivir Mejor program, the Caja Agraria will pay – under a trustee agreement – the subsidies to an account opened in the name of the program's beneficiaries. The municipality will do the contracting necessary for execution and inspection of the works, pursuant to applicable legislation.

**ARTICLE 14: Contract formalities.**

- a. Contracts with the EETs in charge of execution must include the following in order to be considered complete:
  - (i) A photocopy of the mayor's citizen identification card.
  - (ii) A document certifying the mayor's induction into office.
  - (iii) Certification that his/her term of office is still in effect.
  - (iv) The agreement whereby the council authorizes the mayor to enter into the contract. The document must be no more than two months old.
  - (v) Project cofinancing affidavit, according to the category of the municipality
- b. For agencies other than the EETs, the following will be required:
  - (i) Certification from the chamber of commerce, copy of bylaws and proof of legal status that verify its legal existence.
  - (ii) Certification of legal representation.
  - (iii) Signing of policies.
  - (iv) Certification of vocational or professional suitability.
  - (v) Authorization from the board of directors or other appropriate authority to enter into the contract.
  - (vi) Approved project, with the pertinent annexes and the written approval of the Solidarity Forum.

- c. The requirements for the legalization of contracts or agreements will be as follows:
  - (i) Budget availability of the resources pledged in the agreement or contract.
  - (ii) Publication in the official gazette.

**ARTICLE 15: Liquidation of contracts and agreements.**

Once the projects have been executed satisfactorily and all obligations stipulated in the agreements have been performed according to the method selected, and once the central level of the Network has received all the information supplied by the departmental delegations concerning execution of the projects and that information has been evaluated, the contracts will be settled.

**CHAPTER V. MONITORING AND CONTROL**

**ARTICLE 16: Monitoring of budget execution.**

- a. The EENs will be responsible for monitoring their respective programs. The Network will monitor all programs, especially those that it executes directly, and will use a system compatible with the one used by the EENs.
- b. The control and management of information on a project's cycle will be delegated to the local and regional levels, through the authorities charged with determining project viability. For this purpose, the social investment project monitoring and evaluation system (SSEPIS), a method developed by the SNC, will be used. Every quarter, the EET will be responsible for completing and presenting the SSEPIS forms to the departmental authority for confirmation.
- c. The University Network for Monitoring the Development of Programs in the Social Solidarity Network will operate an external monitoring system and produce data on: (i) the legitimacy and quality of the decision-making processes that lead up to projects; (ii) the correlation between social policies and public policy overall, (iii) the impact of Network procedures and products; (iv) program consistency with the policy of equity and participation of women; and (v) the relationship between community demand for Network programs and the amount budgeted for each program. A technical secretariat run by the Centro Interdisciplinario de Estudios Regionales [Interdisciplinary Center for Regional Studies] (CIDER) of the Universidad de los Andes will coordinate the external evaluation and provide administrative support.

**ARTICLE 17: Inspection.**

To ensure complete and satisfactory performance of contractual objectives and the proper use of resources, and in keeping with Law 80 of 1993, special inspectors will be hired when the purpose of the contract so requires. When preparing projects, the itemization of costs is to include the sum necessary to pay for these inspection services. To this end, the rates set by the competent agencies will be used as a frame of reference.

**ARTICLE 18: Oversight committees.**

- a. **Purpose and membership.** The citizen oversight committee is a democratic instrument of social control and citizen organization, created to be autonomous and independent of the State and of control agencies, pursuant to the mandate contained in the 1991 Constitution. The oversight committees will be composed of citizens domiciled in the respective departments or municipalities and selected by the pertinent Forum. They may be representatives of the beneficiaries, civic, community, educational and social institutions, the private business sector, the media, religious organizations, and NGOs.
- b. **Functions.** The functions of the citizen oversight committee will be, *inter alia*, the following:
  - (i) Make appropriate recommendations and observations for improving execution of Network programs to such competent authorities as: governors, mayors, Network delegations, the General Management Office and national executing agencies.
  - (ii) Attend meetings of the Solidarity Forums and the technical sector committees. The decision-making process at those meetings will be monitored and participants will be informed of what the oversight committee is doing.
  - (iii) Coordinate their activities with the government control agencies (legal status, public defender's office, comptroller general, attorney general or office of the fiscal inspector) so that complaints and suits presented to them by the community may be settled efficiently and quickly.
- c. **Procedures.** The oversight committee will have no more than three persons per project or program, and each member will serve for one year, with the possibility of renewal. Members of the oversight committees may not be removed without the approval of the pertinent Forum. Oversight committee members will not receive any kind of economic remuneration or compensation in return for the performance of their functions.

The Network, working in coordination with the departments and municipalities, will promote the formation of citizen oversight committees. All contracts and agreements that the Network concludes with EETs will require the creation of an oversight committee. Contracts and agreements will also stipulate that all contractors are to keep the oversight committee informed of the performance of the respective agreement or contract.

**ARTICLE 19: Sanctions.**

- a. The Network may suspend transfers to EENs in the event of any of the following: failure to honor the terms of contracts with the Network, such as failure to conduct the monitoring and control procedures, failure to take corrective measures despite warning signals from the control system, deficient technical or administrative execution of the programs, or any other factors that significantly impair accomplishment of the objectives and goals planned for the program.
- b. The EENs may suspend transfers or cancel contracts with EETs in the event of any of the following: failure to pay local counterpart contributions, failure to comply with the agreed upon contracting and account auditing standards, and problems of the kind described in paragraph (a) above.



GENERAL BENCHMARKS FOR THE SOCIAL SOLIDARITY NETWORK

OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Improve living conditions for persons living in absolute poverty.	External evaluation. University network.	Definition of methodology for evaluating program impact.	Completion of annual evaluation. Identification of problems and preparation of action plan.	Implementation of action plan. Performance of annual evaluation and analysis of findings.	Performance of annual evaluation. Analysis of findings.
Lower the number of persons living in abject poverty.	Census and household survey (DANE).	Definition of evaluation methodology.			
Annual program budgets should reflect community demand within the National Development Plan.	University network.	Definition of work methodology.	Measurement of demand among Network programs.	Budgets reflect demand for programs.	Adjustment of budgets to better reflect demand.
Focus Network funds on the target population in a way that is consistent with local conditions.	Decisions of forum meetings; university network.	Definition of work methodology.	70% of funds duly targeted.	80% of funds duly targeted.	90% of funds duly targeted.
Upgrade the operation and quality of services offered by the institutions in charge of Network programs.	Program overhead, technical assistance for the weaker municipalities, time between contract signing and first disbursement or between project disbursements, unit cost of services, delivery of better quality services.	Definition of work methodology and setting of targets.	Performance of evaluation and identification of problems. Preparation of action plan.	Implementation of action plan. Performance of evaluation.	Performance of evaluation.
Institute a transparent process of resource allocation and selection of beneficiaries.	University network.	Definition of work methodology.	Identification of problems. Preparation of action plan.	Implementation of adjustments. Performance of annual evaluation.	Performance of annual evaluation.
Ensure community participation in targeting of beneficiaries, selection of projects, and evaluation of investments.	University network.	Definition of work methodology.	Identification of problems. Preparation of action plan.	Implementation of adjustments. Performance of annual evaluation.	Performance of annual evaluation.

OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Develop and adjust program monitoring system.	Monitoring system of the Network and the executing agencies.	Development and adjustment of system. Startup of implementation.	Use of indicators, analysis of results, implementation of any necessary adjustments.	Use of indicators, analysis of results, implementation of any necessary adjustments.	Use of indicators, analysis of results, implementation of any necessary adjustments.

BENCHMARKS FOR EACH PROGRAM

URBAN EMPLOYMENT AND VOCATIONAL TRAINING PROGRAMS					
OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
MUNICIPAL INFRASTRUCTURE/SERVICES:					
Commit funds against budget allocation.	Commitments as a percentage of allocations.	Commitment of 80% of budget funds.	Commitment of 85% of funds.	Commitment of 90% of funds.	Commitment of 95% of funds.
Complete projects financed under the program.	Number of projects executed as a percentage of total projects financed.		100% of 1995 projects and 50% of 1996 projects.	50% of 1996 projects and 50% of 1997 projects.	50% of 1997 projects and 50% of 1998 projects.
Ensure participation of women.	Number of women beneficiaries as a percentage of total beneficiaries.	15% of total beneficiaries are women.	20% of total beneficiaries are women.	25% of total beneficiaries are women.	30% of total beneficiaries are women.
Project works in operation and adequately maintained.	Number of works operating and adequately maintained as a percentage of total delivered works for which financing was provided.		Delivery of 85% of works.	Delivery of 90% of works.	Delivery of 95% of works.
Beneficiaries of subprogram A projects that find employment within three months after the end of their involvement in the project.	University network.	Definition of evaluation methodology. Setting of targets.			
Group enterprises financed under subprogram B projects still operating.	Number of companies in operation six months after program completion as a percentage of total companies financed.		50% operating.	60% operating.	70% operating.
VOCATIONAL TRAINING:					
Develop and implement the training component.	Development and implementation of component.	Development of component.	Implementation of component in five large cities and one medium-sized city.	Completion of implementation in medium-sized cities; startup of implementation in five small cities.	Completion of implementation in medium-sized and small cities.

URBAN EMPLOYMENT AND VOCATIONAL TRAINING PROGRAMS					
OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse funds budgeted for the vocational training subcomponent.	Funds disbursed as a percentage of funds budgeted.		Commitment and disbursement of 80% of budget funds.	Commitment and disbursement of 90% of budget funds.	Commitment and disbursement of 100% of budget funds.
Ensure participation of women in the component.	Number of women beneficiaries as a percentage of total beneficiaries.	Design of the component includes elements to encourage women to take part.	30% of total beneficiaries are women.	40% of total beneficiaries are women.	50% of total beneficiaries are women.
Beneficiaries of training program complete the classroom training.	Number of beneficiaries completing the program as a percentage of total beneficiaries who began it.		Setting of targets.		
Beneficiaries complete training program and undergo practical training in industry.	Number of beneficiaries receiving industry training as a percentage of total beneficiaries completing the course program.		Setting of targets.		
Program beneficiaries still employed three months after completion of training.	Employed beneficiaries as a percentage of total beneficiaries who completed the course, compared with control group.		Definition of control group. Continuing employment rate 15% higher than in control group.	Continuing employment rate 20% higher than control group.	Continuing employment rate 25% higher than control group.

RURAL EMPLOYMENT PROGRAM					
OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse budgeted funds.	Commitments as a percentage of budgeted funds.	Commitment of 90% of funds.	Commitment of 95% of funds.	Commitment of 95% of funds.	Commitment of 95% of funds.
Complete projects financed under the program.	Number of projects executed as a percentage of total projects financed.	80% of remainder of 1994 projects.	20% of remainder of 1994 projects, 100% of 1995 projects and 50% of 1996 projects.	50% of remainder of 1996 projects and 50% of 1997 projects.	50% of remainder of 1997 projects and 50% of 1998 projects.
Ensure participation of women in the program.	Number of women beneficiaries as a percentage of total beneficiaries.	15% of beneficiaries are women.	20% of beneficiaries are women.	25% of beneficiaries are women.	30% of beneficiaries are women.
Cofinanced works projects in operation and adequately maintained.	Number of operational works as a percentage of total financed works delivered.	Delivery of 80% of works.	Delivery of 85% of works.	Delivery of 90% of works.	Delivery of 95% of works.

URBAN HOUSING AND SLUM UPGRADING AND NEW HOME CONSTRUCTION PROGRAM					
OBJECTIVE/EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Redesign systems for ascertaining project viability and establishing beneficiary eligibility to bring them into line with the new social housing policy.	Subsidy administration system.	Development of system. Production of manuals. Startup of implementation.	Utilization of system; analysis of results; adjustments.	Utilization of system; analysis of results; adjustments.	Utilization of system; analysis of results; adjustments.
Foster participation of NGOs, private sector, community advocacy groups.	Projects prepared by NGOs as a percentage of total projects.	Design of incentive mechanisms. Setting of targets. Startup of implementation.	Evaluation of results; adjustments.	Evaluation of results; adjustments.	Evaluation of results; adjustments.
Strengthen institutional capabilities for commitment and disbursement of funds.	Average length of each stage in project cycle. Funds committed as a percentage of funds budgeted. Disbursements as a percentage of commitments.	Commitment of 80% of 1995 budget. Disbursement of 50% of 1995 commitments.	Commitment of 80% of 1996 budget. Disbursement of 60% of 1996 commitments and 50% of 1995 commitments.	Commitment of 90% of 1997 budget. Disbursement of 70% of 1997 commitment and 40% of 1996 commitment.	Commitment of 95% of 1998 budget. Disbursement of 80% of 1998 commitment and 30% of 1997 commitment.
Strengthen capabilities for finishing project execution.	Ratio of projects started to projects completed.	Setting of targets based on project cycle.			
Ensure participation of female heads of household.	Female heads of household as a percentage of total beneficiaries.	Calculation of number of female heads of household that benefited from the program in recent years vis-à-vis number of women heads of household. Setting of 1996-1998 targets.			
Design and implement a system of support for obtaining title deeds to land.	Beneficiaries with title as a percentage of total beneficiaries.	Development of system. Setting of targets. Startup of implementation.	Completion of implementation. Analysis of results; adjustments.	Analysis of results; adjustments.	Analysis of results; adjustments.

PARKS AND RECREATIONAL AREAS PROGRAM ( <i>RECREAR</i> )					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Integration of investments with urban and rural housing programs.	<i>Recrear</i> investments in areas targeted by Network programs as a percentage of total <i>Recrear</i> investments.	15%	20%	30%	40%
Institutional capacity to commit and disburse funds.	Commitments as a percentage of total budget. Disbursements as a percentage of commitments.	Commitment of 80% of 1995 budget. Disbursement of 70% of 1995 commitment.	Commitment of 85% of 1996 budget. Disbursement of 70% of 1996 budget and 30% of 1995 commitments.	Commitment of 90% of 1997 budget. Disbursement of 75% of 1997 commitments and 30% of 1996 commitments.	Commitment of 95% of 1998 budget. Disbursement of 80% of 1998 commitments and 20% of 1997 commitments.
Institutional capacity to complete project execution.	Ratio of projects started to projects completed.	Completion of 10% of 1995 projects.	Completion of 20% of 1996 projects and 90% of 1995 projects.	Completion of 30% of 1997 projects and 80% of 1996 projects.	Completion of 40% of 1998 projects and 70% of 1997 projects.

RURAL BASIC SANITATION AND HOUSING IMPROVEMENT PROGRAM (VIVIR MEJOR)					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Define and implement a project cycle consistent with operating capabilities of the Caja Agraria and local governments.	Project cycle.	Definition of cycle. Production of manuals. Startup of implementation.	Completion of implementation. Analysis of results; adjustments.	Analysis of results; adjustments.	Analysis of results; adjustments.
Implement a new national structure and regional technical units. Train staff.	Head office and regional offices operating efficiently. Training module.		Completion of head office reconfiguration. Installation of regional offices. Training of staff.	Measurement of productivity; adjustments.	Measurement of productivity; adjustments.
Promote involvement of NGOs, civil society organizations, community advocacy groups, and cooperatives in project preparation and execution.	Projects prepared and executed by NGOs, civil society organizations, and cooperatives as a percentage of total projects.	Design of methodology and promotion strategy. Setting of targets. Startup of implementation.	Analysis of target achievement; adjustments.	Analysis of target achievement; adjustments.	Analysis of target achievement; adjustments.
Commit and disburse budgeted funds.	Commitments and disbursements as a percentage of funds budgeted. Disbursements as a percentage of commitments.	Commitment of 80% of 1995 budget and disbursement of 30%. Disbursement of 20% of 1992-1994 balance.	Commitment of 90% of 1996 budget and disbursement of 50%. Disbursement of 50% of outstanding 1992-1994 commitments. Disbursement of 70% of 1995 funds.	Commitment of 90% of 1997 budget and disbursement of 50%. Disbursement of budget left from previous year and outstanding 1992-1994 balance.	Commitment of 95% of 1998 budget and disbursement of 60%. Disbursement of budget left from previous year.
Ensure participation of female heads of household.	Female heads of household as a percentage of total beneficiaries.	Calculation of female heads of household who benefited from program in recent years as a percentage of female heads of household. Setting of 1996-1998 targets.			



RURAL BASIC SANITATION AND HOUSING IMPROVEMENT PROGRAM (VIVIR MEJOR)					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Operation and maintenance. Financed works projects operating and adequately maintained.	Number of operational works adequately maintained as a percentage of total financed works delivered.	50%	65%	80%	85%

MATERNAL AND INFANT CARE PROGRAM (PAMI)					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse government budget funds.	Commitments and disbursements as a percentage of budget.	Commitment and disbursement of 50% of budget allocation.	Commitment and disbursement of 70% of budget allocation.	Commitment and disbursement of 80% of budget allocation.	Commitment and disbursement of 90% of budget allocation.
Tie FAMI program in with PAMI to ensure delivery of nutrition component within PAMI.	Percentage of PAMI beneficiaries receiving FAMI benefits.	20%	60%	80%	100%
Ensure that health care providers adhere to Health Ministry standards of service quality.	Ministry of Health.		Definition of methodology.		
Increase number of outpatient visits by pregnant women and children to health care providers, number of institutional births, number of children vaccinated.	Ministry of Health.		Definition of methodology and setting of targets.		

PRESCHOOLERS' NUTRITIONAL SUPPLEMENT PROGRAM					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse budget allocation.	Commitments and disbursements as a percentage of budget allocation.	80%	90%	95%	95%
Conduct a survey of nutrition status of beneficiaries.	Survey and action plan.	Design of survey.	Performance of survey. Drafting of action plan.	Execution of action plan.	Execution of action plan. Evaluation of impact.
Ensure that nutrition supplement reaches beneficiary children.	ICBF		Definition of methodology.		

RURAL NUTRITION PROGRAM					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse budget funds and deliver nutrition supplement to beneficiaries (normalize transfer process).	Commitments and disbursements as a percentage of budget allocation.	80%	85%	90%	90%
Conduct a survey of nutrition status of beneficiaries.	Survey and action plan.	Design and performance of survey.	Analysis of findings and preparation of action plan.	Startup of action plan.	Startup of action plan. Evaluation of impact.
Ensure that food supplement is of good quality and reaches children.	ICBF		Definition of methodology.		
Expand medical care for program beneficiaries.	ICBF		Definition of methodology.		
Ensure that food supplement provider adheres to contract with municipality.	ICBF		Definition of methodology.		

AID FOR SCHOOL-AGE DEPENDENTS OF FEMALE HEADS OF HOUSEHOLD					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Ascertain if the program lowers the drop-out rate.	Impact study.	Commissioning and startup of study.	Completion of study. Analysis of findings. Adaption of program as required.	Implementation of changes to program.	Completion of modified program.
Commit and disburse budget funds and deliver support to beneficiaries (normalize transfer process).	Funds committed, disbursed, and delivered to beneficiaries as a percentage of funds budgeted.	80%	85%	90%	95%

SUPPORT FOR ARTISTICALLY AND ATHLETICALLY GIFTED YOUTH					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Commit and disburse funds to program providers, against budget allocation.	Commitments and disbursements as a percentage of budgeted funds.	60%	75%	80%	90%
Ensure participation of young women.	Number of young women beneficiaries as a percentage of total beneficiaries.	30%	40%	50%	50%
Receipt of study grants by young beneficiaries and completion of their course programs.	Number of beneficiaries completing courses as a percentage of targeted program beneficiaries	50%	60%	70%	80%

SUPPORT FOR THE INDIGENT ELDERLY ( <i>REVIVIR</i> )					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Encourage participating municipalities to devise a policy on the elderly.	Number of the program's participating municipalities with a policy on the elderly as a percentage of total participating municipalities.	10%	20%	30%	40%
Assist the indigenous elderly poor.	Number of indigenous elderly poor assisted as a percentage of total indigenous elderly.	Delivery of 1994 subsidies; maintenance of coverage in 1995; performance of a census to determine numbers of elderly poor.	Maintenance of 1995 coverage levels.	Increase of at least 10% over 1996 levels of coverage of indigenous elderly.	Increase of at least 10% over 1997 levels of coverage of indigenous elderly.
Commit and disburse subsidies against budget allocation, and deliver support to beneficiaries (normalize transfer process).	Commitments and disbursements as a percentage of total budgeted.	Delivery of 75% of subsidies to beneficiaries.	Delivery of 80% of subsidies to beneficiaries.	Delivery of 90% of subsidies to beneficiaries.	Delivery of 95% of subsidies to beneficiaries.
Evaluate the impact and relevance of the program's services.	Cost of basic services by modality and category of municipality as a percentage of subsidy funding.		Collection of information in municipalities.	Analysis of costs/modality/category of municipalities. Recommendations for adjustments.	Implementation of changes as necessary.
Afford priority assistance to the homeless elderly and those surviving on public charity.	Number of homeless elderly assisted as a percentage of total homeless elderly.	10%	50%	75%	100%

PROGRAM OF ASSISTANCE FOR INDIGENT URBAN YOUTH					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Train local professionals to advise on project development and implementation.	Number of professionals trained.		Holding of training workshops. Startup of implementation. Setting of targets.		
Develop and disseminate proposals as to interagency policies that can benefit the target population.	Development and approval of proposals.	Design of policy development and dissemination strategy.	Approval and implementation of policies.	Dissemination of policies.	Dissemination of policies.
Assess the quality of services delivered to beneficiaries.	Survey of beneficiaries.		Design of survey.	Analysis of survey findings. Development of action plan.	Implementation of action plan.
Commit and disburse budgeted funds.	Commitments and disbursements as a percentage of funds budgeted.		80%	90%	95%
Ensure participation of young women in the program.	Number of young women beneficiaries as a percentage of total beneficiaries.		15%	20%	25%



TRASH RECYCLERS					
OBJECTIVE/ EXPECTED RESULTS	MEANS OF VERIFICATION	PROGRESS FORESEEN			
		1995	1996	1997	1998
Identify target population and furnish them with identification cards.	Identification cards furnished to target population.		Design and preparation of identification cards.	Identification of beneficiaries and delivery of identification cards to them.	Identification of beneficiaries and delivery of identification cards to them.
Design, publish, and distribute manuals and leaflets.	Manuals and leaflets distributed.		Design, printing and distribution of manuals and leaflets.	Distribution.	Distribution.
Develop mechanisms to ensure priority access of target population to Network and other government programs.	Number of beneficiaries served by other government programs as a percentage of total beneficiaries.		Design and implementation of mechanisms. 20% served by other programs.	40% served by other programs.	60% served by other programs.
Train persons in charge of program execution.	Number of workshops per city per year.		Design of workshops. Setting of targets.	Holding of workshops.	Holding of workshops.
Develop and implement non-formal education and technical assistance plan for recyclers.	Number participating.		Design of workshops and implementation of program.	Holding of workshops.	Holding of workshops.
Commit and disburse budgeted funds.	Commitments and disbursements as a percentage of total budget.		80%	85%	90%

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CO-0145  
Original: Spanish

PROPOSED RESOLUTION

COLOMBIA. LOAN /OC-CO TO THE REPUBLIC OF COLOMBIA

(Social Solidarity Network)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Colombia, as Borrower, for the purpose of granting the latter a financing to cooperate in the execution of a Social Solidarity Network program. Such financing will be for the total amount of up to US\$250,000,000, which are part of the Ordinary Capital resources of the Bank, composed of: (i) up to US\$220,000,000, or its equivalent in other currencies, except that of the Republic of Colombia; and (ii) up to US\$30,000,000, in Colombian Pesos, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.