

STRENGTHENING OF THE SUBNATIONAL FINANCIAL INFORMATION SYSTEM

(CO-0226)

EXECUTIVE SUMMARY

**BORROWER AND
GUARANTOR:** The Republic of Colombia

EXECUTING AGENCY: The Ministry of Finance

AMOUNT AND SOURCE: IDB: US\$ 6,000,000
Local counterpart funding: US\$ 4,000,000
Total: US\$10,000,000

**FINANCIAL
TERMS AND
CONDITIONS:** Amortization period: 20 years
Disbursement period: 36 months
Grace period: 3.5 years
Interest rate: Variable
Inspection and supervision: 1%
Credit fee: 0.75%
Currency: U.S. dollars from the
Single Currency Facility

OBJECTIVES: The general objective of the program is to generate and disseminate reliable and timely information from departments, municipalities and decentralized agencies, to enhance fiscal and financial monitoring capacity in government agencies. This will be achieved by laying the groundwork for a single, transparent and adequately regulated subnational financial information system (SIT) to channel the flow of financial data from subnational entities to central government agencies and the general public.

The program's specific objectives are as follows:
(i) to improve information available for decision-making by central government agencies on fiscal and financial matters; (ii) to streamline information flows between the central and subnational levels, eliminating overlap and establishing the Office of the Auditor General (CGN) as the sole channel; (iii) to improve internal management at subnational entities through systematic financial information; (iv) to bring greater transparency to the use of fiscal resources by giving the general public access to subnational financial information; (v) to help design projects to strengthen financial administration in departments, municipalities and decentralized agencies; and (vi) to support actions

by departments to have their municipalities join the SIT.

DESCRIPTION:

The program will finance the following components:

(i) Implementation of the SIT at CGN, by setting up a data base to receive all information from departments, municipalities and decentralized agencies, and establishing procedures governing processing and dissemination for easy public access, as well as a conceptual review of public accounting generally;

(ii) Implementation of the SIT at subnational entities through the installation of related hardware and software in at least 70 entities, linkages with CGN, and refinements to financial analysis and accounting processes;

(iii) Setting up a fund to improve subnational financial management, whereby funds will be provided to entities to design projects relating to financial administration and linking departments with their respective municipalities by computer; and

(iv) Coordination and central activities, including program administration and coordination, advancing amendments to legal instruments, and computer systems development activities.

The program will have a supervisory level, represented by a steering committee; and an executory level, under the direction of the program management.

BENEFITS:

The program will:

(i) facilitate macroeconomic decision-making by furnishing macroeconomic monitoring and programming agencies with information from a meaningful sample of financial flows from subnational entities;

(ii) promote a technical debate on nationally integrated accounting, supporting CGN in matters such as the review and analysis of the existing range of accounting techniques and methodologies to improve the overall application of modern accounting concepts;

(iii) facilitate management at subnational entities through harmonization and organization of criteria and processes for producing financial information;

(iv) promote analysis of subnational financial administrations in order to draw up strategies to strengthen them through the financial management improvement fund, which will encourage diagnostic and project design activities in departments, municipalities and decentralized agencies to bolster their financial administration;

(v) help make information on public finances available to citizens and the private sector, promoting accountability as well as rapid and reliable risk assessment in connection with lending operations.

RISKS:

The main risks associated with the program are as follows:

(i) **The persistence of parallel information systems.** Central government agencies, which are potential SIT users, now use ad hoc systems to request financial information from departments, municipalities and decentralized agencies. There is a risk that, even if the SIT functions as planned, those ad hoc systems will continue to exist out of institutional inertia or a lack of awareness of the data provided by the SIT. This risk will be mitigated in three ways: (a) requiring a letter of intent to be signed on SIT use by major users in the central government; (b) developing an information system that will be user-friendly; and (c) promoting the passage of a decree stipulating the linkage between central government agencies and the SIT.

(ii) **Limited participation by subnational entities.** Since departments, municipalities and decentralized agencies are not required to use the SIT, some of them could decline to take part in its implementation. That risk has been mitigated in three ways in the program design: (a) demand from subnational entities was identified, during program preparation for technical assistance in organizing requests for information from various central government agencies; (b) creation of the financial management improvement fund, on a nonreimbursable basis, will provide an additional incentive to take part in the program; and (c) CGN will adopt the necessary legal framework to encourage subnational entities to join the SIT so that they may comply properly with their legal mandates.

**ENVIRONMENTAL AND
SOCIAL REVIEW:**

The Committee on Environment and Social Impact, at its meeting of July 25, 1997, determined that this

operation did not entail any significant environmental or social impact.

POVERTY TARGETING: This program does not fall within the social equity and poverty reduction category (document AB-1704, paragraph 2.13), nor does it qualify as a poverty-targeted investment (document AB-1704, paragraph 2.15).

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

The Bank's wide-ranging experience with subnational jurisdictions in Colombia is a response to the strategy set forth in the country paper (document GN-1886) approved in 1995, in which support for the decentralization and modernization of public institutions is cited as an objective of Bank participation. That objective is consistent with the Eighth Replenishment mandates.

**PROCUREMENT
METHOD:**

The procurement of goods will take place in accordance with Bank policy. International competitive bidding will be required for the procurement of goods and related services in amounts exceeding US\$350,000. Tenders in amounts below that threshold will be governed by local legislation, provided such legislation adheres to the fundamental principles of Bank policy. No contracts with consulting firms are planned.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

The conditions precedent to disbursement are as follows:

(i) Creation by decree of the steering committee and program management.

(ii) Approval by the steering committee of its rules of procedure (paragraph 3.5).

(iii) Signing of a letter of intent among the principal users of subnational financial information for purposes of macroeconomic monitoring (paragraph 3.5).

The conditions precedent to disbursing funds for the first two components (implementation of the SIT at CGN and in subnational entities) are as follows:

(iv) Hiring of staff required for program management operations (paragraph 3.5).

(v) Approval by the steering committee of the annual work plan (AWP) for year one, and submittal thereof to the Bank for its nonobjection (paragraph 3.17).

Semiannual progress reports are to be submitted to the Bank throughout program execution (paragraph 3.16), and an AWP is to be submitted at the beginning of years two and three (paragraph 3.17).

Joint program monitoring meetings will be held after year one of the program (paragraph 3.18).

The final program evaluation will begin in the last month of program execution and will last three months (paragraph 3.19).

I. FRAME OF REFERENCE

A. Decentralization in Colombia

- 1.1 Fiscal and political decentralization in Colombia, which began midway through the 1980s, took on renewed impetus in 1991 with the enactment of a new constitution. Subnational entities consolidated their functions, resulting in broader mandates, especially in managing health care and education resources. These entities – which number close to 1,100 including 32 departments and their municipalities, as well as decentralized agencies – are currently responsible for over 40% of public spending, a share that is expected to rise in the future pursuant to institutional agreements in force. ^{1/}
- 1.2 Increasing decentralization has altered the functions carried out at various levels of government. In particular, Colombia is in the process of balancing the autonomy of its subnational entities against the central government's monitoring role. By way of example, one of the main changes in the sharing of responsibilities and functions among different levels of government is embodied in Law 358 of December 1996, which gives the central government responsibility for monitoring subnational indebtedness in order to prevent fiscal and financial imbalances. This mandate makes it crucial that information flows from subnational entities to central government agencies be managed in such a way that fiscal control can be exercised on the basis of complete, reliable and timely data.

B. Information flows

- 1.3 Decision-making at the central level is encumbered by the lack of a single, properly regulated system to compile and produce financial statements of subnational entities. At present, several central government agencies simultaneously request fiscal information directly from departments and municipalities. This makes for disorganized and inefficient transmission, processing and dissemination of information to the central government, subnational entities, and the general public.

1. Central government

- 1.4 Central government agencies are major users of subnational financial information, basically for three reasons: (i) macroeconomic and financial monitoring; (ii) monitoring of

^{1/} For an extensive analysis of the decentralization process, see "Descentralización en Colombia: nuevos desafíos" [Decentralization in Colombia: New Challenges], slated for imminent publication by IDB/RE3, 1997.

fiscal management; and (iii) establishing the amount of transfers to subnational entities. The latter two are legally the responsibility of the Office of the Comptroller General (Law 42/93) and the National Planning Department (DNP) (Law 60/93). There are many instances, including the two mentioned, where such agencies look after macroeconomic and financial monitoring – under mandates established in prevailing legislation or on their own initiative – and require data on subnational entities (see Box I-1). In the absence of a single system of subnational financial information, central government agencies gather such data directly from the entities concerned, in various ways and at various intervals.

Box I-1
The legal framework and the responsibilities of
central government agencies

The 1991 Constitution, in its article 354, assigns to the Office of the Auditor General (CGN) the functions of "standardizing, centralizing and consolidating the public accounts, preparing balance sheets, and determining the accounting standards which are to prevail in Colombia". Accordingly, CGN requests relevant information from subnational entities on a quarterly basis in connection with financial statements.

Law 42 of 1993, based on article 354 of the Constitution, delegates to the Office of the Comptroller General responsibility for "standardizing, centralizing and consolidating accounting for performance of the general public sector budget and establishing the format, timing and responsible parties for presentation of reports on budget performance, which are to be audited by the appropriate fiscal oversight bodies". Given the apparent overlap, the Office of the Comptroller General also opts to obtain financial information directly from subnational entities in performing its functions.

The Constitution also assigns to DNP the role of evaluating the management and results of development plans and programs, as well as determining the amount of transfers to subnational entities to enable them to perform their new role. Since fiscal information is needed to do this, the Regional Development Unit of DNP requests financial data from all subnational entities from time to time. In addition, the Macroeconomic Analysis Unit of DNP requests information for macroeconomic monitoring and forecasting.

Additional information is required by the Ministry of Finance. The National Budget Directorate is responsible for financial monitoring of the budget for subnational entities (Decree 111 of 1996). The Ministry of Finance is also responsible for authorizing loans to entities that are financially overextended (Law 358/96). The Fiscal Policy Board (CONFIS) also needs subnational financial information for national fiscal programming purposes, while the Macroeconomic Programming Division and the Fiscal Support Directorate sometimes request the information they need directly from subnational entities when it is not available elsewhere.

Finally, there are other agencies that request such information because they consider it vital to fulfill their role, even though there is no specific legislation stipulating that information must be gathered at source. This is the case of the National Administrative Statistics Department and Banco de la República, which, because a large part of public spending is by subnational entities, gather information directly from the source.

- 1.5 This simultaneous querying by different central government agencies poses problems to subnational entities in processing the information requested. Specific information is required by each requester. The Office of the Auditor General, for instance, needs mainly information on stocks to prepare the balance sheet. The Office of the Comptroller General requests data on actual cash operations, the Budget Division needs budget performance data by type of spending, and DNP asks for information on development plan programs. This is complicated by the fact that information may be

requested on a monthly, quarterly or annual basis. The result is that financial information compiled by the various central agencies is not consistent.

2. Subnational entities

- 1.6 Colombia's subnational entities make up a heterogeneous group in terms of size, population and development. The more developed among them - such as the departments of El Valle, Antioquia and Atlántico and the municipalities of Bogotá, Medellín and Cali - have adequate information systems. Indeed, some of them have integrated financial information systems, which stand them in good stead in their financial management, and they are able to provide reliable information to the various users, although efficiency is lost in having to respond to multiple requests.
- 1.7 However, a large number of entities have not developed the ability to process various levels of information, and the proliferation of requests only aggravates their weak internal management. This is particularly true in the case of medium-sized entities (between 100,000 and 500,000 inhabitants), which in the aggregate have a significant fiscal impact on the nation.

3. The general public

- 1.8 There are also users of subnational financial information outside the public sector. The financial sector needs such information, *inter alia*, to assess the ability to pay and creditworthiness of subnational borrowers. In the absence of a single, easily accessible system, banks and financial institutions request significant data from the entities themselves, adding to their information processing burden. The expanded mandates derived from the 1991 Constitution increased both the revenues and financing needs of subnational entities, so that levels of indebtedness have risen markedly since that year.
- 1.9 The 1991 Constitution also had an effect on the role of the various actors in Colombia. The concept of participatory democracy was adopted, giving rise to a series of mechanisms designed to promote citizen participation in decision-making, especially at the municipal level. However, this modern conception of the State has not been fully developed for various reasons. ^{2/} There is no question that civic participation, transparency in public management, and accountability would be well served by a financial information system easily accessible and available to all citizens.
- 1.10 Universities and research centers also increasingly need subnational financial information to carry out their research work. Colombia is among the countries in the region that have made the

^{2/} Ibid.

most progress on fiscal decentralization, and is now at a stage of transition and consolidation. These factors make it necessary to study related issues, including macroeconomic monitoring. Finally, such information is vital to multilateral institutions in preparing their operations and conducting international economic analysis.

C. The government's strategy

- 1.11 The Colombian government is aware of the importance of having a subnational financial information system that can meet the needs of different users under criteria of transparency, reliability and timeliness. The accomplishments of decentralization will not be complete until such information is flowing rapidly and reliably to the different users and ultimately to society. Since the Bank has extensive international experience in this area, and given the opportunity to use it as a platform for dealing with government at the central and subnational levels, the government asked the Bank in April 1997 to help prepare a project to improve the information system.
- 1.12 As a cornerstone of the program, the government suggested that, given current constitutional mandates, the system would be channelled through CGN. In August 1997, the government placed a proposed constitutional amendment before Congress whereby the functions of CGN and the Office of the Comptroller General were clarified to avoid overlap and the Office of the Comptroller General was relieved of the responsibility for budget performance accounting oversight. The government has also undertaken to make legal and regulatory changes as needed to adjust the compilation of subnational financial information at CGN. Although those changes will help establish a precise definition of roles, it is not impossible to implement such a system in the current context.

D. The Bank's strategy

- 1.13 The Bank's experience with subnational entities in Colombia is varied, and is related to the strategy set forth in the country paper (document GN-1886) approved in 1995. One of the objectives of Bank participation as defined therein was support for decentralizing and modernizing public institutions, an objective consistent with the Eighth Replenishment mandates.
- 1.14 A comprehensive and consistent institutional framework, in a unitary but decentralized country like Colombia where the information system is used in management and monitoring, entails the following: (i) developing management capacity at the subnational level, with implementation of an integrated financial information system serving as a key instrument for management and fiscal balance; (ii) developing management capacity at the central level, where an integrated financial information system is needed as well; and (iii) securing an efficient and transparent flow of information with clearly defined responsibilities.

- 1.15 Within this simplified approach, the Bank is working with the country on various fronts, with particular emphasis on the first point mentioned in the preceding paragraph. Subnational management capacity has been and will be covered by several operations. The loan for institutional strengthening of subnational entities (977-OC/CO) promotes structural measures in some 10 such entities which, in combination with tax system and spending reforms, are helping to balance the budget. Integrated financial information systems are to be implemented in a small number of entities under that loan. The project is at the preliminary stage of execution using counterpart funding, and all conditions precedent to disbursement are expected to be fulfilled by October 1997, so that disbursements of US\$4.6 million of the loan proceeds are projected by the end of the year. The second subnational development program (CO-0138) calls for strengthening urban municipalities and focuses on project preparation and follow-up. Under the DRI IV project (CO-0192), the Bank will encourage institutional strengthening for some 200 rural municipalities, to provide assistance in preparation and execution of their respective development plans.
- 1.16 In connection with the central government's management capacity, in 1992 the Bank approved an investment sector program (666-OC/CO) to help adapt the sector to the new scenario of a more open economy and a more active private sector. An operation to modernize the State is also under consideration for 1999. The government has established a financial information system at the central government level with World Bank support, and it is expected to be operational by 1998.
- 1.17 The operation proposed herein complements the actions taken to date, as it will link independent efforts in subnational entities and in the central government, using information flows as a tool for management and liaison. Not only will this benefit direct participants; in addition, access by the general public will promote civic participation and transparency in subnational management.
- 1.18 The Bank's participation in this general area, and in this operation in particular, is fully justified. The Bank has built up considerable expertise in strengthening public financial administrations, including by improving the flow of information between different levels of government. The country is taking advantage of the Bank's experience in at least two ways: (i) support for formulation of a concrete strategy for action with subnational entities, encompassing institutional strengthening efforts, information flows, and fiscal restructuring; and (ii) technical definition of specific objectives and elements of the proposed operation.
- 1.19 Although the ultimate aim of information and management systems is to implement an integrated financial information system at the central and subnational levels, that can be considered extremely

ambitious today. Still, any actions planned in future must work in that direction. In this sense, the implementation of a subnational financial information system is a first step, a condition that is necessary but not sufficient in itself. The operation proposed herein will focus on the flow of information among the various agents and the activities required at each level to improve that flow, leaving it up to other Bank operations and the government to take on the issue of the entities overall.

- 1.20 Still, in the awareness that an optimal situation would mean both bringing a larger number of entities into the information system and implementing integrated financial information systems in each, it is proposed that a preinvestment fund be set up to finance studies in pursuit of both aims, to lay the groundwork for future Bank operations. In particular, financing departmental projects to bring their constituent municipalities into the subnational financial information system (SIT) is consistent with the mandate of the 1991 Colombian Constitution, which identifies departments as a pivot between municipalities and central government.

II. THE PROGRAM

A. Program design

- 2.1 The SIT is defined as a system that generates, transmits, processes and distributes financial information, linking three institutional levels: subnational entities, CGN, and information users. Among the latter are central government agencies, the private sector, and civil society.
- 2.2 Financial information is understood as a broad range of records of financial, budget and asset transactions on both the revenue and the expenditure side. They reflect both flows (budget performance, actual cash operations, etc.) and stocks (debt levels, asset positions, etc.), generating both information for fiscal analysis and monitoring as well as generally accepted accounting statements and how they relate to the national accounts.
- 2.3 The SIT's workings are based on: (i) technical and methodological instruments (charts of accounts, records and consolidated reporting, special records, etc.) which are appropriate to the types of financial information described in paragraph 2.2; (ii) a simple but complete computerized records system installed at subnational entities; (iii) an efficient and least-cost data transmission system between subnational entities and CGN; (iv) a data base at CGN to receive and monitor information, and to process consolidations and aggregations; (v) individual mechanisms to coordinate with user agencies to receive processed information; and (vi) (physical and electronic) publication of financial reports for the general public.
- 2.4 Since it is logistically impossible to cover the more than 1,100 existing subnational entities in the short term, the program has been structured as a "first stage", designed to cover a sample of entities that is significant in terms of financial flows to serve central government agencies directly, chiefly CONFIS, the Budget, Public Credit and Macroeconomic Programming Divisions of the Ministry of Finance, and the Macroeconomic Analysis Unit of DNP, whose demands would be met by the sample. Information will also be provided to the general public and to other institutions such as Banco de la República and the National Administrative Statistics Department (DANE), in this case providing partial coverage of demand.
- 2.5 The sample of subnational entities taken in by this program numbers 84: the 32 departments, the municipalities of their respective capitals, and 20 non-capital cities which are considered important in terms of financial flows (see Annex II-1).

- 2.6 However, those departments and municipalities which combine an insignificant level of financial flows with lack of access to communication media, such that the cost of implementing the SIT exceeds expected benefits, would be excluded from the sample. Ad hoc methods of transmitting basic data for aggregation would be used for these. The SIT is expected to be put in place under this program in at least 70 subnational entities (25 departments, the municipalities of their respective capitals, and the largest 20 non-capital cities), thus covering about 70% of subnational spending.

B. General objective

- 2.7 The general objective of the program is to generate and disseminate reliable and timely subnational financial information to reinforce the fiscal and financial monitoring capacity of the government agencies concerned. In order to achieve this objective, the groundwork will be laid for a single, transparent and properly regulated SIT that will channel the flow of financial information from subnational entities to central government agencies and the general public.

C. Specific objectives

- 2.8 The specific objectives of this operation are as follows: (i) to improve information available for decision-making by central government agencies on fiscal and financial matters; (ii) to streamline information flows between the central and subnational levels, eliminating overlap and establishing CGN as the sole channel; (iii) to help improve internal management at subnational entities through systematic financial information; (iv) to bring greater transparency to the use of fiscal resources by giving the general public access to subnational financial information; (v) to help design projects to strengthen financial management at subnational entities; and (vi) to support actions by departments to have their municipalities join the SIT.

D. Components

- 2.9 The program has been divided into four components to allow for modular execution of activities relating to CGN, subnational entities, and users. Details of execution are included in chapter III and the logical framework is presented in Annex II-2. The components and related activities are outlined below:

1. SIT implementation at the Office of the Auditor General

- 2.10 Under this component, activities will take place in connection with SIT development and implementation at CGN in the context of its functions receiving and administering information, as well as others relating to overall improvements in public accounting.

- 2.11 The following activities will take place in direct relation to the SIT: (a) adapt internal CGN rules to introduce SIT organization and functions; (ii) provide necessary methodological support (review schedule of accounts, analyze consolidation techniques, etc.) needed by CGN to process subnational information; (iii) prepare and disseminate to subnational entities technical standards and procedures for recording information; (iv) diagnose computer and training needs at entities where the SIT will be implemented in year one; (v) develop and put in place a system to receive and process subnational financial information; (vi) set up a dynamic mechanism for coordination with agencies using information to serve their needs in terms of appropriate timing, quality and coverage, including training user agencies and disseminating information to the public; (vii) strengthen integrated accounting by introducing new concepts and methodologies; and (viii) impart training, both on the job and through courses and seminars, on subnational and financial/accounting issues generally.

2. SIT implementation at subnational entities

- 2.12 This component groups activities relating to SIT implementation in at least 25 departmental governments, the municipalities of their respective capitals, and the largest 20 municipalities in terms of the volume of resources mobilized.
- 2.13 This component seeks to: (i) modernize the ways in which subnational entities generate financial information, standardizing recording criteria; (ii) install information technology as need for SIT functioning, including computer and modem equipment and software; and (iii) train staff of subnational entities in the use of the SIT and in financial analysis generally.

3. Subnational financial management improvement fund

- 2.14 A special fund will be created under the program for access by subnational entities. Resources will be available on a nonreimbursable basis through two windows: Window 1, for the design of projects to strengthen financial management, to be financed by other sources or future operations; and Window 2 for projects of departmental governments - both existing and under design - to integrate financial information from their respective municipalities.
- 2.15 The fund's operating regulations will stipulate that: (i) all subnational entities participating in the SIT are eligible; (ii) entities not belonging to the SIT will have access to up to 10% of the fund under Window 1; (iii) all preinvestment-related expenses are eligible under Window 1; and all institutional strengthening expenses are eligible under Window 2; and (iv) ceilings have been set per subnational entity under Window 1 (US\$50,000) and per window (a maximum of 65% of the fund total).

4. Coordination and central activities

- 2.16 In addition to the coordination and execution functions described in chapter III, the program management will directly carry out a series of essential activities with support from its systems development unit, legal counsel, and short-term experts.
- 2.17 These activities will include: (i) drawing up logistical and procedural designs and strategies for the SIT; (ii) defining and promoting legal amendments to ensure the institutional sustainability of program objectives; (iii) defining a medium- and long-term strategy to include the largest possible number of subnational entities in the SIT; and (iv) planning, designing and implementing all systems development for the SIT.
- 2.18 In support of these activities, a letter of intent is to be signed by the chief SIT users at the central government level, including, *inter alia*, the relevant divisions or units of the Ministry of Finance, DNP and DANE, as well as CGN, CONFIS and Banco de la República. These users will undertake to use the SIT to the extent that it meets their needs, giving a show of support for the program by government agencies. This undertaking will be backed by an executive decree once the SIT is fully operational. Program coordination will need to follow up on institutional agreements signed on the use of the SIT as the sole source of information on demand for the SIT from subnational entities, as well as handling the transition period efficiently until the system is fully implemented, while customary methods for gathering data from users are still in use.

E. Program coverage

- 2.19 This program represents the first stage of a process to consolidate financial information from most of the country's subnational entities. It covers at least 70 of these: a minimum of 25 departmental governments, the municipalities of their respective capital cities, and 20 non-capital municipalities.
- 2.20 As to users of the information, the program will serve all or part of the needs of central government agencies. Those requiring only a significant sample of subnational financial flows for macroeconomic monitoring purposes will have all their needs served. Those requiring greater coverage of municipalities, for such purposes as municipal revenue share-outs, will have part of their needs served. The latter will use the SIT for the entities covered and retain their own sources for the remaining ones. In addition, publishing information in an easily accessible format (on the Internet and in the media) will allow user coverage to be expanded to include the general public.

F. Cost and financing

- 2.21 The total program cost is an estimated US\$10 million, as shown in Table II-1. The percentage of Bank funds earmarked for equipment and consulting is 30% and 48%, respectively.

Table II-1. Program cost and financing
(US\$ million)

Component	Total	IDB	Local	%
1. Coordination and central activities	2.26	1.64	0.61	22.6
2. SIT implementation at CGN	1.82	1.54	0.28	18.2
3. SIT implementation at subnational entities	3.15	2.49	0.66	31.5
4. Management improvement fund	2.30	0.01	2.29	23.0
Subtotal	9.53	5.68	3.85	95.3
5. Unallocated	0.37	0.26	0.11	3.7
6. Finance charges	0.10	0.06	0.04	1.0
Total	10.00	6.00	4.00	100.0

G. Terms of financing

- 2.22 Financing will be from the ordinary capital under the Single-Currency Facility with repayment over 20 years at variable interest, a grace period of three years, a 0.75% credit fee, and a 1% inspection and supervision charge. The IDB contribution represents 60% of the program cost.

III. PROJECT EXECUTION

A. Program management, administration and execution

- 3.1 The program is structured in a supervisory level and an executory level. The **supervisory** level will comprise a steering committee created by decree, which will include the Deputy Minister of Finance, the Comptroller General of Colombia, the Chief of the Subnational Development Unit of DNP, and a users' representative appointed by the Minister of Finance. The Deputy Minister will chair the committee. The committee will be responsible, *inter alia*, for overseeing fulfillment of the program objectives, setting general guidelines, approving budgets and work plans, facilitating legal and organizational changes, setting out general guidelines for administrative agreements concluded between the program management and subnational entities, and approving major reports under the program.
- 3.2 The **executory** level will be headed up by the program management, reporting to the steering committee and created by the same decree as that committee, with a national senior coordinator and an international senior technical adviser. The management will be supported by legal advisers and by two special units: one administrative, to handle the program funds (contracting, procurement, etc.) in accordance with Bank regulations; and one for systems development to define operating platforms for equipment, acquire and install them from the technical standpoint, and look after developing software for the program. The program management will also supervise work by the team managing the fund to improve subnational management. Annex III-1 includes an organization chart for program execution.
- 3.3 The senior coordinator will in turn act as technical secretary to the steering committee to ensure proper liaison between the supervisory and executory levels. The technical secretary's duties will be defined in the steering committee's regulations approved by the committee (located in the project files).

B. Execution procedures

- 3.4 The legal instruments defining the duties and responsibilities of the steering committee are its founding decree and internal regulations, and the loan contract. The legal instruments defining the duties of the executory level and liaison between it and the supervisory level are: the decree creating the program management, the loan contract, the letter of intent by central government users, administrative agreements between the program management and subnational entities, and the operating regulations of the fund to improve subnational financial management.

- 3.5 Conditions precedent to disbursement include presentation to the Bank for nonobjection of the decree creating the steering committee and program management, the approved internal regulations of the committee, and the letter of intent signed by central government agencies (Ministry of Finance, DNP, CGN, and Banco de la República). As a condition precedent to disbursement under the first two components (SIT implementation at CGN and at subnational entities), the necessary staff is to be hired for program management operations.

C. Execution of components

- 3.6 The program is to be executed over 36 months. Annex III-2 includes a timetable for the execution of program activities.

1. SIT implementation at the Office of the Auditor General

- 3.7 This component will be carried out under the technical supervision of a senior expert with support from short-term consultants on matters such as integrated accounting and financial consolidation. The execution strategy can be divided into four stages: (i) review of accounting standards, methodologies and charts of accounts; (ii) definition of processes and procedures; (iii) system design and implementation; and (iv) definition of output reports. With respect to disseminating information to the public, the design for implementing this activity will be available by the end of year one. By the end of year two, periodic publication of information in the media and on the Internet will have begun. The activities to be financed are outlined in paragraph 2.11.

2. SIT implementation at subnational entities

- 3.8 Technical supervision of the component will be the responsibility of a senior expert, who will program and supervise activities by traveling teams and brief the senior coordinator.
- 3.9 To implement the SIT at subnational entities, the program will have multidisciplinary teams of individual consultants who will visit the 70 subnational entities to install the SIT (hardware and software), review procedures to record information, and train staff in the use of the system and in accounting and financial concepts generally. The activities to be carried out are described in paragraph 2.13.
- 3.10 This component will be implemented gradually. Initial SIT implementation will take place in 10 subnational entities in year one. This experience will serve as a basis for evaluating the system's operations and for making any corrections and adjustments needed. The program will then be implemented in 40 entities in year two and in 20 more during the final six months of program execution.

3. Subnational financial management improvement fund

- 3.11 This fund will be administered pursuant to operating regulations drawn up on the basis of guidelines outlined herein (see paragraph 2.15). Management of the fund is to be delegated to an administrator reporting to the program management.
- 3.12 The fund will be capitalized mainly by Colombia (through the local counterpart contribution) and managed according to the annual work plan (AWP). The fund's operating regulations (located in the project files) will be approved by the steering committee before the program begins.

4. Coordination and central activities

- 3.13 The coordination activities will be carried out by the senior coordinator with support from the senior technical adviser (terms of reference for both are located in the project files). The essential activities described in paragraphs 2.17 and 2.18 will take place with the collaboration of the systems development unit and legal counsel, as well as specialized short-term consultants as necessary.
- 3.14 The systems development unit will be responsible for activities to develop computer systems for the program components. It will be headed up by a computer systems adviser and will be provided with 192 person/months of programming, as well as an information technology team specializing in development.
- 3.15 The legal counsel will analyze legal amendments associated with the program, draft regulations to be issued or modified, and facilitate their approval in coordination with the management team. A legal counsel and 24 attorney person/months will be allowed for specific developments.

D. Program monitoring

- 3.16 **Progress reports.** The program management, with the consent of the steering committee, will present to the Bank for nonobjection semiannual progress reports on the program indicating any discrepancies from projections and the reasons for them. These reports are to be presented not more than 60 days after the end of each six-month period.
- 3.17 **Annual work plan (AWP).** The program management, with the consent of the steering committee, will present an AWP (to be located in the project files) to the Bank when the program begins and again at the beginning of year two and year three. The AWP is to include, *inter alia*, the proposed objectives, a detailed list of activities based on those objectives, projects and activities approved and yet to be approved for the year, an execution timetable and estimated

disbursements, as well as a detailed budget describing funding sources. Approval of the AWP for year one by the steering committee and its subsequent presentation to the Bank for nonobjection shall be a condition precedent to disbursement of the loan proceeds to finance the first two components (SIT implementation at CGN, and SIT implementation at subnational entities).

- 3.18 **Annual review and programming.** After year one and based on the progress reports and AWP, the Bank, the steering committee and the program management will perform a joint annual review of program accomplishments and agree on targets for the ensuing year or period. The review meeting will be scheduled during the 30 days after presentation of the AWP, and will be attended by a number of representatives of the subnational entities involved in SIT implementation. If the Bank is not satisfied with the status of the program following annual meetings and/or reviews of the reports presented, the program management will be required to present, following consultation with the steering committee and within the subsequent 60 days, additional reports detailing steps to adjust the program execution, timetable and budget.
- 3.19 **Final evaluation.** Final evaluation of the program will begin during the last month of execution and will last one month. The program management will be responsible for hiring individual consultants to perform the final evaluation, using funds earmarked for this purpose. The evaluation results will be presented to the steering committee and the Bank.

E. Benchmarks

- 3.20 Benchmarks for the program are presented below:

Table III-1. Benchmarks

Indicator	Target
1. Coverage of subnational entities	<ul style="list-style-type: none">• 70 subnational entities added to SIT, including departments and municipalities
2. Coverage of central government agencies	<ul style="list-style-type: none">• Ministry of Finance and CONFIS using SIT as sole source of financial information from subnational entities
3. Coverage of financial flows	<ul style="list-style-type: none">• At least 75% of financial flows from subnational entities covered
4. SIT operating with required legal support	<ul style="list-style-type: none">• Decree issued establishing SIT as sole system for macro users• Amendments to auditing act to facilitate SIT use at subnational entities
5. Full financial information available from subnational entities covered by SIT	<ul style="list-style-type: none">• Reports on budget performance, cash flows and debt stocks of entities covered
6. Sole chart of accounts reviewed for use in SIT	<ul style="list-style-type: none">• Adjustments made to year one
7. Availability of SIT information to general public and private sector	<ul style="list-style-type: none">• Full subnational financial information available in a system accessible to the public
8. Implementation of financial management projects designed with program funds	<ul style="list-style-type: none">• At least 60% of projects designed being implemented
9. Establishment of financial information systems between departments and their municipalities	<ul style="list-style-type: none">• Projects to link up municipalities under way in at least four departments

F. Other aspects of execution

1. Administration of program resources

- 3.21 The program funds intended to finance the components for SIT implementation at CGN and subnational entities, as well as coordination and central activities, will be transferred directly from the Ministry of Finance to a special program account. The program management will have access to these funds in accordance with the AWP approved and instructions from the steering committee.
- 3.22 The AWP approved for year one is to specify conditions for the administration of program resources intended to capitalize the fund for improvement of subnational financial management (component 3). Those conditions are to indicate the procedure for allocating part of the funds to finance approved projects and activities, and persons authorized to do so.

2. Procurement of goods and services

- 3.23 All procurement and contracting for goods and services will be done by the program management. The steering committee may act as a selection committee as needed.

- 3.24 The procurement of goods will take place in accordance with Bank policy. International competitive bidding will be mandatory for the procurement of goods and related services in amounts exceeding US\$350,000. Bidding for amounts below that threshold will take place in accordance with local legislation, provided such legislation respects the underlying principles of Bank policy. No consulting firms are expected to be hired.
- 3.25 According to local legislation, the procurement of goods and contracting of consulting services is to take place as follows: direct purchase if the amount is less than 1,000 times the minimum wage (currently about US\$170); public bidding if the amount is greater than 1,000 times the minimum wage.
- 3.26 Once declared eligible, the procurement of goods and contracting of services may be undertaken using program resources, and expenses may be considered program contributions, provided procedures acceptable to the Bank have been followed. An ex post review will be conducted of goods procured and services contracted in amounts under US\$350,000 or the equivalent thereof in local currency, in accordance with the Bank's policies. The procurement plan is outlined in Annex III-6.

3. Commitment and disbursement periods and investment schedule

- 3.27 The commitment and disbursement periods for the loan proceeds will be 30 and 36 months, respectively, calculated from the effective date of the loan contract. These periods are considered sufficient to implement the information systems and technical assistance activities under the program. Table III-2 provides a summary disbursement schedule.

Table III-2. Estimated disbursement schedule
(US\$ million)

Component	Total	Year 1	Year 2	Year 3
1. Coordination and central activities	2.26	1.05	0.79	0.42
2. SIT implementation at CGN	1.82	1.41	0.26	0.15
3. SIT implementation at subnational entities	3.15	0.43	1.81	0.91
4. Management improvement fund	2.30	0.42	1.37	0.51
Subtotal	9.53	3.31	4.23	1.99
5. Unallocated	0.37	0.15	0.15	0.07
6. Finance charges	0.10	0.04	0.03	0.03
Total	10.00	3.50	4.41	2.09

4. Advance of funds

- 3.28 In view of the program's features, broad coverage and geographical dispersion, it is recommended that a revolving fund equivalent to 5% of the prospective loan amount be set up to serve funding requirements in a timely manner.

5. Recognition of expenses

- 3.29 No expenses are anticipated for procurement of program goods and services prior to Board approval of the loan.

6. External auditing

- 3.30 Beginning in year one and throughout the execution period, the program management will be required to provide the Bank with financial statements for the program, audited by the Office of the Comptroller General of Colombia and/or an independent public accounting firm according to procedures established by the Bank.

IV. VIABILITY, BENEFITS AND RISKS

A. Institutional viability

- 4.1 **Institutional relations.** The program is based on the premise that information systems are developed as a result of joint action by municipalities, departments and agencies of the central government. Considering the nature of the institutional agents involved, there are two types of relationships that define the program's institutional viability: (i) those between subnational entities and CGN; and (ii) those between CGN and central government agencies.
- 4.2 In the case of relations with subnational entities, the central feature has to do with their participation in the program. The SIT will enable subnational entities to comply with their legal mandate to remit financial information (see Box I-1) systematically, a major incentive for collaborating with and taking an active part in the program. Their participation has also been confirmed in interviews with representatives of subnational entities during project preparation. An additional incentive is the nonreimbursable fund for improvement for subnational financial management, which offers an opportunity to move ahead on the design of integrated financial administration systems or on projects to integrate departmental information.
- 4.3 In the case of relations with central government agencies, the main feature is ensuring demand by these agencies for CGN information services. The relationship is supported by a letter of intent signed by the central agencies and CGN on use of the information system. The letter of intent will subsequently be reinforced by two activities by the coordinating unit: (i) throughout year one, as the consolidation methodology is being defined, the central government agencies will be consulted as to their information needs; and (ii) the agencies will then be trained in the use of the information system.
- 4.4 Finally, the compilation of financial statistics at CGN will have been centralized successfully when it is able to: (i) effectively reduce the workload now imposed on subnational entities by central government agencies; and (ii) generate quality information for users. These are precisely the goals of the proposed program and also presuppose a partial overhaul of systems, methodology and procedures for compiling and recording information used by CGN - one of the activities specifically provided for under the program.
- 4.5 **Changes in legal framework.** As a result of the consultancy to review existing laws and regulations during the project preparation stage, it was concluded that a legal reform is viable. To promote such a reform, the legal counsel for the program will be

responsible, *inter alia*, for drafting the bill to centralize information at CGN. Progress on implementing the legal framework will help put in place a more coherent frame of reference, especially with respect to the functions and information needs of each central agency and its relations with subnational entities. Since the current legal framework is not an obstacle to creation of the SIT, the changes required relate more to organize the process than to carry out the project here proposed.

- 4.6 **Flexibility.** Preparation of AWP's, annual review meetings attended by representatives by subnational entities, and the final evaluation will all enable adjustments to be made in the program and its execution mechanisms. Once program financing is complete, there will be not only a series of isolated projects available but also a methodology whereby the experience can be expanded and replicated on a national scale.

B. Technical viability

- 4.7 The program's technical viability will be contingent on two elements: (i) the equipment acquired by each subnational entity is suitable for establishing an information system with CGN; and (ii) staff at each subnational entity responsible for preparing and remitting information are trained to do so.
- 4.8 In order for these two elements to coincide, the program calls for the following activities: (i) gradual implementation of the SIT, with 10 subnational entities being added in year one, to verify that both the system and information management applications are working properly; (ii) the methodology for implementing information systems at subnational entities will be based on a preliminary visit by a travelling group of experts, during which the equipment and application will be installed, training will be provided to users, and time will be available for testing before the second visit for system review.
- 4.9 Although the sample selected is a broad one (70 subnational entities), the selection criteria have favored larger organizations that are more likely to have experience in the field of information systems. This will ensure that, even if the program faces different situations at each subnational entity, the range of possible problems will not be too large, thus allowing for execution in the time frames stipulated.

C. Poverty targeting analysis

- 4.10 This program was not designed to serve or have a direct impact on the poor. Accordingly, it does not qualify as a poverty-targeted investment.

D. Environmental impact

- 4.11 According to the minutes of the July 25, 1997, meeting of the Committee on Environment and Social Impact (CESI), this program is not expected to involve any significant environmental or social impact.

E. Program benefits

- 4.12 The program will bring principally the following benefits:
- a. **Facilitate macroeconomic decision-making.** Agencies involved in macroeconomic monitoring and programming, especially the Ministry of Finance, will be supplied with information on a significant sample of financial flows from subnational entities, for fiscal purposes.
 - b. **Encourage a technical debate on nationally integrated accounting.** The program will support CGN in a series of areas, including a review and analysis of the entire range of technical and methodological tools for accounting, thus improving the overall application of modern accounting concepts.
 - c. **Facilitate management by subnational entities.** The harmonization and standardization of criteria and processes for producing financial information will ease decision-making by the entities themselves.
 - d. **Promote analysis of subnational financial administrations and prepare strategies to strengthen them.** Through the financial management improvement fund, the program will promote diagnostic and project design activities at subnational entities that will strengthen their financial administrations.
 - e. **Make information on the public finances available to citizens and the private sector.** One of the justifications for an information system such as the SIT is that it gives citizens access to information on the use of fiscal resources (accountability). Also, the evaluation of lending-related risk will be supported by SIT implementation, which will give the financial sector relevant information quickly and reliably. This activity is consistent with and complementary to the agreement signed by the Government of Colombia with the International Monetary Fund whereby information relating to government finances is to be posted on the Internet.

F. Program risks

- 4.13 The major risks facing the program are as follows:

a. **The persistence of parallel information systems.** Central government agencies, which are potential SIT users, now use ad hoc systems to request financial information from departments, municipalities and decentralized agencies. There is a risk that, even if the SIT functions as planned, those ad hoc systems will continue to exist out of institutional inertia or a lack of awareness of the data provided by the SIT. This risk will be mitigated in three ways: (i) requiring a letter of intent to be signed on SIT use by major users in the central government; (ii) developing an information system that will be user-friendly; and (iii) promoting the passage of a decree stipulating the linkage between central government agencies and the SIT.

b. **Limited participation by subnational entities.** Since departments, municipalities and decentralized agencies are not required to use the SIT, some of them could decline to take part in its implementation. That risk has been mitigated in three ways in the program design: (i) demand from subnational entities was identified, during program preparation for technical assistance in organizing requests for information from various central government agencies; (ii) creation of the financial management improvement fund, on a nonreimbursable basis, will provide an additional incentive to take part in the program; and (iii) CGN will adopt the necessary legal framework to encourage subnational entities to join the SIT so that they may comply properly with their legal mandates.

SIT IMPLEMENTATION – SAMPLE OF SUBNATIONAL ENTITIES

INDICATORS OF SUBNATIONAL GOVERNMENTS, 1995 (%)

	REVENUE/REVENUE IN UNIVERSE	REVENUE/PUBLIC SECTOR REVENUE	REVENUE/GDP
32 DEPARTMENTS	100.0	6.64	2.11
32 MUNICIPALITIES OF CAPITAL CITIES	58.77	9.02	2.86
20 MUNICIPALITIES OF NON-CAPITAL CITIES*	8.64	1.32	0.42
TOTAL SAMPLE	73.1	16.98	5.39

* The largest municipalities of non-capital cities in revenue terms are Itagüí, Barrancabermeja, Envigado, Bello, Palmira, Yumbo, Buenaventura, Rionegro, Floridablanca, Tauramena, Girardota, Tulúa, Buga, Girardot, Aguazul, Tumaco, Soledad, Cartago, Sogamoso and Turbo.

LOGICAL FRAMEWORK

ARRATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
AL			
Contribute to capacity for oversight of subnational finances	Degree of user satisfaction with subnational information system	Subnational financial information system (SIT) implemented Users using SIT	Compliance with institutional agreements on use of SIT
PURPOSE			
Set up a timely, complete and reliable system for flow of financial information from SEs to central agencies and the general public	1. Financial information from at least 70 SEs available to central government users 2. System for public dissemination of subnational financial information in operation 3. Legal framework for subnational financial information revised and suitable for macro users	1. List of financial information from at least 70 SEs 2. Subnational financial information available to the public through electronic means 3. Decrees issued, bills drafted	Support for issuing the decree exists throughout the hierarchy

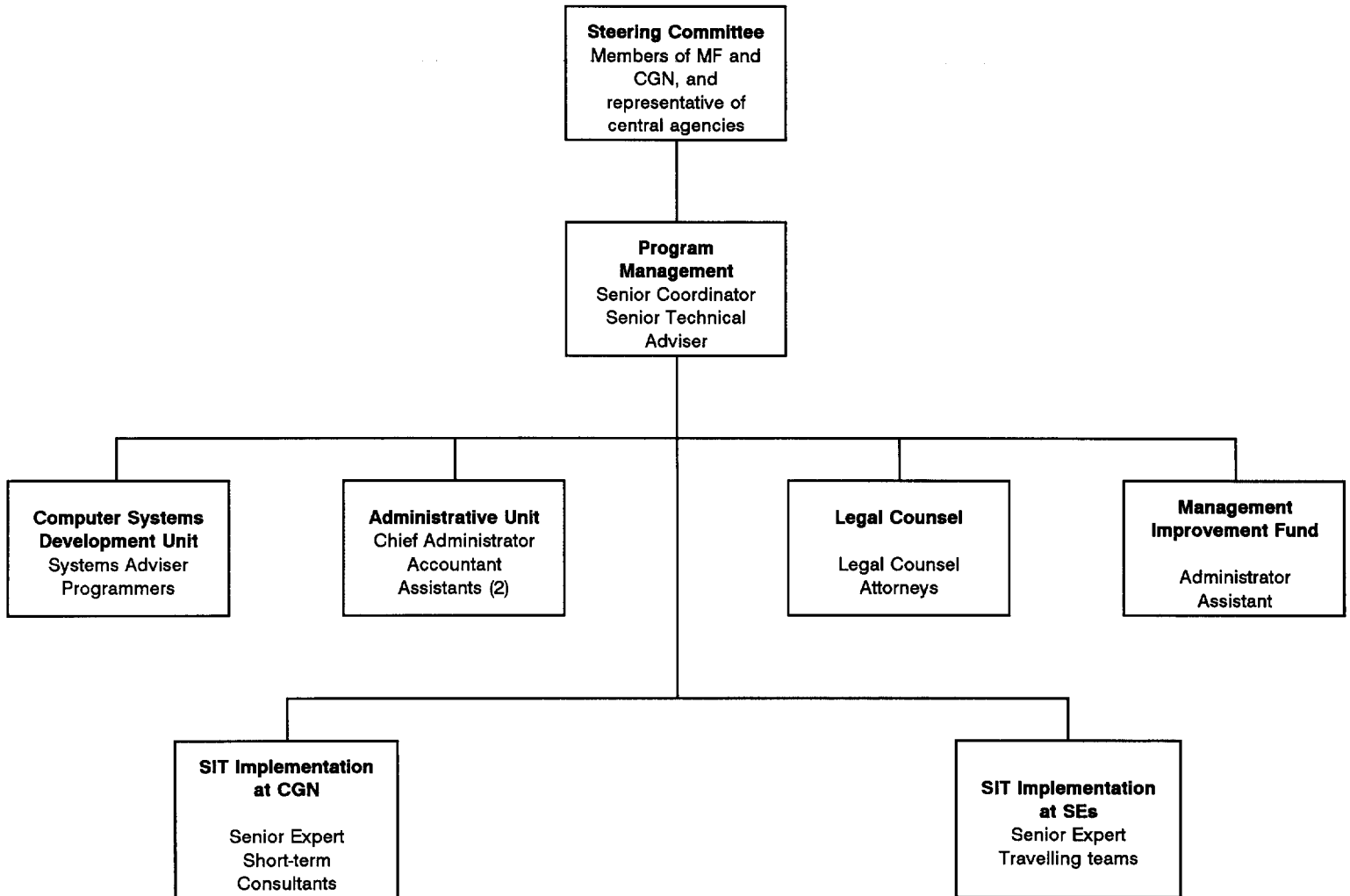
ARRATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COMPONENTS			
SIT IMPLEMENTATION AT OFFICE OF AUDITOR GENERAL	<ol style="list-style-type: none"> 1. Computer system, including data base and links to SEs, in operation 2. Accounting methodology (chart of accounts, consolidation procedures, etc.) revised and suitable 3. CGN staff trained to administer the system 4. Publication in the media and webpage designed for the Internet 	<ol style="list-style-type: none"> 1. Project reports, on-site validation 2. Chart of accounts revised; procedures manual; project reports 3. Project reports; on-site validation 4. Confirm publication in the media and on the Internet 	Technical coordination with SIIF
SIT IMPLEMENTATION AT SUBNATIONAL ENTITIES	<ol style="list-style-type: none"> 1. Computer support system operating in 25 departments, the municipalities of their capital cities, and another 20 municipalities 2. Full financial information (cash flows, budget performance, etc.) supplied to system in time and quality, both by entities covered and by their decentralized units 3. Financial staff from SEs trained in system use 	<ol style="list-style-type: none"> 1. Project reports, on-site validation 2. Financial reports generated by system 3. Project reports, on-site validation 	Proper maintenance of SITE at SEs
FINANCIAL MANAGEMENT IMPROVEMENT FUND	<ol style="list-style-type: none"> 1. Operating regulations governing fund revised and approved by Steering Committee 2. 25% of funds committed by end of year one, 70% committed by end of year two, and 100% committed by end of year three 3. Projects or strategies designed for at least 20 entities 	<ol style="list-style-type: none"> 1. Rules of procedure approved and recorded in Committee minutes 2. Project reports; agreements signed with SEs 3. Project reports; agreements signed with SEs 	

ARRATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COORDINATION AND CENTRAL ACTIVITIES	1. Work plan prepared and approved 2. Contractors hired according to work plan 3. Procurement done according to work plan 4. Proposed legal amendments prepared and presented to authorities 5. Computer system developments implemented	1. Work plan 2. Project reports; consultants' reports 3. Project reports; tenders or invitations to bid carried out 4. Report on legal amendments 5. Project report; on-site validation	
TIVITIES			
SIT IMPLEMENTATION AT OFFICE OF AUDITOR GENERAL Design SIT macro Review of General Public Accounting Plan Detailed design of SIT at CGN Preparation and dissemination of technical standards and procedures for SEs Diagnostic study of computer and training requirements of SEs Procurement of equipment for CGN Development and implementation of SIT at CGN Design of SIT output formats Training for central government agencies Adaptation of CGN internal procedures Discussion on integrated accounting concepts	Consulting: US\$450,000 Equipment: US\$813,000 Travel and per diems: US\$455,000 Other: US\$100,000 Total: US\$1,818,000	BUDGET PERFORMANCE	

ARRATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>SIT IMPLEMENTATION AT SUBNATIONAL ENTITIES</p> <p>Detailed design of SIT for SEs</p> <p>Selection of traveling teams</p> <p>Training of traveling teams</p> <p>Procurement of equipment for 10 SEs</p> <p>Development and implementation of SIT at 10 SEs</p> <p>Adjustments to system based on experience at 10 SEs</p> <p>Procurement of equipment for remaining SEs</p> <p>Development and implementation of SIT for remaining SEs</p>	<p>Consulting: 990,000</p> <p>Equipment: 890,500</p> <p>Travel and per diems: 1,018,500</p> <p>Other: 252,863</p> <p>Total: 3,151,863</p>		
<p>FINANCIAL MANAGEMENT IMPROVEMENT FUND</p> <p>Review and approval of operating regulations</p> <p>Dissemination to SEs</p> <p>Establishment of fund administration mechanism</p> <p>Receipt, processing and approval of applications from SEs</p> <p>Compilation of project documents and support for identifying financing sources</p>	<p>Consulting: 210,000</p> <p>Equipment: 13,000</p> <p>Travel and per diems: 38,500</p> <p>Fund: 2,000,000</p> <p>Total: 2,306,500</p>		

NARRATIVE SUMMARY OF OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>COORDINATION AND CENTRAL ACTIVITIES</p> <p>Coordination with Steering Committee</p> <p>Hiring of consultants and procurement</p> <p>Preparation of work plans</p> <p>Financial management</p> <p>Logical, procedural and strategic design of SIT</p> <p>Definition and promotion of legal amendments</p> <p>Preparation of long-term strategy of SIT</p> <p>Planning, development and implementation of all computer system developments for SIT</p> <p>Follow-up on institutional letters of intent</p> <p>Design of public dissemination strategy for subnational financial information</p>	<p>Consulting: 1,809,000</p> <p>Equipment: 88,000</p> <p>Travel and per diems: 154,000</p> <p>Other: 205,000</p> <p>Total: 2,256,000</p>		

PROGRAM ORGANIZATION CHART



[illegible]

TENTATIVE PROCUREMENT PLAN

DESCRIPTION	AMOUNT (US\$000)	SOURCE	TYPE OF PROCUREMENT	DATE OF NOTICE
CONTRACTS FOR CONSULTING SERVICES				
Component to implement SIT at CGN				
Senior expert	150	IDB	DC	1998-I
Short-term consultants (several, averaging US\$10,000 each)	300	IDB	DC	1998-I
Component to implement SIT at SEs				
Senior expert	150	IDB	DC	1998-I
Consultants for traveling teams (several, averaging US\$30,000 each)	840	IDB	DC	1998-I 1998-II
Financial Management Improvement Fund component				
Administrator	135	Local	DC	1998-I
Assistant	75	Local	DC	1998-I
Fund for SEs (several, averaging US\$35,000 each)	800	Local	DC	1998-99
Coordination and central activities component				
Senior coordinator	210	IDB	LCB	1998-I
Senior technical adviser (international)	300	IDB	LCB	1998-I
Chief administrator	120	IDB	DC	1998-I
Accountant	105	IDB	DC	1998-I
Assistants (2, averaging US\$75,000 each)	150	Local	DC	1998-I
Computer systems adviser	150	IDB	DC	1998-I
Programmers (several, averaging US\$72,000)	576	IDB	DC	1998
Legal counsel	72	Local	DC	1998-I
Attorneys (several, averaging US\$4,000 each)	96	Local	DC	1998
External audit	36	Local	DC	1998-99
Final evaluation	25	Local	DC	1999
EQUIPMENT AND INSTALLATION				
Component to implement SIT at CGN				
Terminals and transmission systems	600	IDB	ICB	1998-I
Component to implement SIT at SEs				
Computers and transmission system for SEs (three packages: two at US\$350,000 each and one at US\$140,000)	840	IDB	ICB/DC	1998-99

DESCRIPTION	AMOUNT (US\$000)	SOURCE	TYPE OF PROCUREMENT	DATE OF NOTICE
Financial Management Improvement Fund component				
Fund for SEs (several, averaging US\$35,000 each)	1,200	Local	DC	1998-99
All components				
Computers, printers, laptops, laptop printers	170	IDB	LCB	1998-I
AMOUNTS PROJECTED	4,511	IDB		
AMOUNTS PROJECTED	2,589	Local		

DC = Direct contracting

LCB = Local competitive bidding

ICB = International competitive bidding

PROPOSED RESOLUTION

COLOMBIA. LOAN ____/OC-CO TO THE REPUBLICA DE COLOMBIA
(Strengthening of the Subnational Financial Information System)

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 República de Colombia, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a program to strengthen the Subnational Financial Information System. Such financing will be for the amount of up to six million United States of America dollars (US\$6,000,000), from the Single Currency Facility of the ordinary capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" set forth in the Executive Summary of the Loan Proposal.