

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COLOMBIA

IMPROVING THE QUALITY OF PUBLIC SERVICES

(CO-L1011)

LOAN PROPOSAL

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Electronic Links and References	
Basic socioeconomic data	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Loan portfolio in execution and loans approved	http://ops/approvals/pdfs/COen.pdf
Tentative lending program	http://opsgsl/ABSPRJ/tentativelending.ASP?S=CO&L=EN
Information available in the RE3/SC3 technical files	http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=688654
Procurement plan	http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=763844
Economic analysis SuperCADEs	HTTP://IDBDOCS.IADB.ORG/WSDOCS/GETDOCUMENT.ASPX?DOCNUM=696063
Financial analysis SuperCADEs	HTTP://IDBDOCS.IADB.ORG/WSDOCS/GETDOCUMENT.ASPX?DOCNUM=696064
Projection of demand SuperCADES	HTTP://IDBDOCS.IADB.ORG/WSDOCS/GETDOCUMENT.ASPX?DOCNUM=696071
Survey form SuperCADEs users	HTTP://IDBDOCS.IADB.ORG/WSDOCS/GETDOCUMENT.ASPX?DOCNUM=696072

ABBREVIATIONS

AWP	Annual work plan
CADE	Specialized District Service Center
DANE	National Department of Statistics
DDSC	District Office for Public Services
FSO	Fund for Special Operations
OC	Ordinary Capital
PCU	Project Coordinating Unit
PSU	Program Support Unit
PTI	Poverty-Targeted Investment
SDSC	District Public Services System
SEQ	Social Equity/Poverty Reduction
SHD	Finance Secretariat
SISBEN	System for the Identification and Classification of Potential Social Program Beneficiaries
TOR	Terms of Reference

PROJECT SUMMARY

COLOMBIA IMPROVING THE QUALITY OF PUBLIC SERVICES (CO-L1011)

Financial Terms and Conditions ¹				
Borrower: Bogotá Distrito Capital (Bogota Capital District)			Amortization period:	25 years
Guarantor: Republic of Colombia			Grace period:	4 years
Executing agency: Bogotá Distrito Capital			Disbursement period:	4 years
Source	Amount (US\$)	%	Interest rate:	Variable
IDB (OC)	10 million	66.7	Inspection and supervision:	0%
Local	5 million	33.3	Credit fee:	0.25%
Total	15 million	100.0	Currency:	U.S. dollars from the Single Currency Facility
Project at a glance				
<p>Project objective:</p> <p>The overall objective of the program is to help improve satisfaction among residents of Bogota, especially those in the most disadvantaged groups, with the services provided by the Mayor's Office, by strengthening the District's Public Services System.</p> <p>Special contractual conditions: See paragraph 3.4.</p> <p>Selection of the coordinator, the administrative-financial specialist, and the procurement officer for the Project Support Unit (PSU) is a condition precedent to the first disbursement.</p> <p>Exceptions to Bank policies:</p> <p>None.</p> <p>Project consistent with country strategy: Yes [X] No []</p> <p>Project qualifies as: SEQ [X] PTI [X] Sector [] Geographic [X] Headcount []</p> <p>Procurement: See paragraph 3.7.</p> <p>Goods and related services will be procured in accordance with the Bank's new procurement policies and procedures. International competitive bidding (ICB) will be used for contracts of more than US\$250,000 in the case of goods and services, and for contracts of more than US\$350,000 in the case of consulting services.</p> <p>Verified by CESI on: 4 November 2005</p>				

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.*

* With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. FRAME OF REFERENCE

A. Overview

- 1.1 Bogota has a population of approximately 7.2 million;¹ by 2010 its inhabitants are expected to exceed 8 million. These people require a wide range of services in order to meet their various obligations and perform a variety of transactions with national and local governments, as well as public enterprises. The geographical layout of Bogota is unique: of its 1732 km², distributed lengthwise, only 384 km² are urban. It also has one of the highest population densities in the hemisphere (4,157 people/km²), and there are sharp imbalances in the spatial distribution of its 20 localities.
- 1.2 By mandate of the 1991 Constitution and as part of a process of decentralization, the city became the principal provider of public services. Accordingly, the Office of the Mayor of Bogota has been implementing a public services policy—supported in part by the Bank—to consolidate and support the deconcentration process and ease congestion overcrowding at district and national offices, and at public utility companies, as a means of improving relations between the public and the municipal government. The focus of the policy has been to establish a District Public Services System (SDSC), which has included setting up and outfitting a network of Specialized District Service Centers (CADEs), creating alternative outlets for service delivery, and promoting institutional modernization in order to bring about organizational and cultural changes in public servants and the public.

B. The District Public Services System (SDSC)

- 1.3 The SDSC is a comprehensive program of the Mayor's Office that offers several ways to access services at different points in the city. It is made up of: i) the CADE network, for on-premise services, ii) channels offering remote services, including the Bogota Portal and the District Call Center (Bogota-195 line); and iii) the service points of the different district agencies and their alternative means of service delivery.
- 1.4 The General Secretariat of the Mayor's Office, through the District Office for Public Services (DDSC), is responsible for coordinating and administering the CADE network; it is also responsible for designing public service policy and helping the different agencies adopt quality standards and indicators for their services. A decree issued in 2003 defined the new structure and responsibilities of this Office, which include: i) to support the General Secretariat in designing policies, programs, and mechanisms for bringing the District Administration closer together; and ii) to orient and supervise the operation and quality of service centers.

¹ 2005 information. Of this total, more than 4.5 million were between the ages of 18 and 64, and are the main clients for services. The expected annual increase in total population is 2.36%.

- 1.5 **On-premise channels of the SDSC.** The CADE network provides on-premise services and is composed of service centers that are differentiated by the quantity and type of services they provide (see Annex II), as follows:

Table I-1
CADE network

Category	Number of Centers	Services provided	Location
SuperCADE	2 and 1 under construction	These are service supermarkets where 6 national agencies, 22 district agencies, and 6 private sector agencies offer more than 160 services.	Downtown, western, and northern Bogota
CADE	18	15 district agencies provide services, execute social programs, and collect payments for household services	13 districts of Bogota
RapiCADE	29	165 counters where public utility bills can be paid (telephone, gas, water, garbage)	Different points in the city
TurisCADE	7	Information on tourist attractions and tourism supply.	Airport and tourist attractions
Fairs	1	52 agencies, twice a month	20 locations in the city
Total	58		

- 1.6 Several criteria are used to determine the location of CADE network service centers, including: easy access for the most disadvantaged population groups, areas of high daily traffic, and geographic coverage. It is important to note that every needy locality has at least one CADE,² and that most clients served by the network belong to strata 1, 2 and 3. Because of the wide range of services offered at the two SuperCADEs currently in operation and the public's positive image of them,³ they are frequented by a very diverse population, showing that the network serves all social strata.
- 1.7 Improvements in service quality (notwithstanding some persistent shortcomings) and the launching of the two SuperCADEs in 2003 and 2004

² According to official data from the National Department of Statistics (DANE), 46.2% of the population of Bogota is poor and 12.3% is considered indigent. Around 80% of the people in these groups live in the localities of Usme, Suba, Rafael Uribe, Engativá, Bosa, San Cristobal, Ciudad Bolívar, and Kennedy, which are served by 10 CADEs and one SuperCADE.

³ Surveys conducted in 2005 found that 88% of the citizens had a positive opinion of the SuperCADEs, which ranked second highest among all district agencies after the library network.

produced an annual increase of between 30% and 40% in the number of transactions processed, and this demand is expected to continue rising.

Table I-2
Growth in the number of transactions handled through the CADE network

Year	No. operations	Annual growth (%)
2002	17,774,000	NA
2003	24,225,000	36.3
2004	32,599,000	34.6
2005	42,247,000	29.6

- 1.8 The District also has 606 on-premise service points in agencies not belonging to the CADE network that, according to regulations, must comply with DDSC policies and standards. These services include hospital care, kindergarten education for children under five, administrative services for the education sector and schools, social services and care for the homeless people, local municipal offices, stationary vehicle and traffic inspection points, office of the family, social housing agencies, as well as culture, recreation, and entertainment, among others.
- 1.9 These agencies began making their services more widely available in 1993, when the Basic Statutes of Bogota were enacted, which made greater accessibility obligatory. They have the infrastructure needed to serve their target populations and some, such as the Local Operation Centers (COLs), have been adopting the service standards set by the Mayor's Office.
- 1.10 **Remote service channels of the SDSC.** The Mayor's Office launched the **Bogota Portal** <http://www.bogota.gov.co/> in September 2003. It was designed as a Web-based medium for interaction between the government and the public. Its purpose is to provide clear and timely information on the city, the district government and its agencies, procedures and services, as well as programs, events, and campaigns being carried out. Currently, three types of procedures and services are offered through the Portal: i) non-transactional information; ii) online services; and iii) forms needed for procedures.
- 1.11 **Bogota 195 line.** The "Bogota 195" call line has been in operation since 2001 and is the telephone-based channel for interaction between the public and the District government. Through this call line, the residents of Bogota can obtain information

on 82 agencies, 476 procedures, 202 citizen situations,⁴ 232 programs, campaigns and events, as well as geographic information. In addition, it receives 70% of the complaints and suggestions submitted to the District Complaints and Solutions System, and offers the only relay center for the deaf, where they can communicate by means of chat lines or text telephones.

C. SDSC: principal shortcomings and challenges

- 1.12 The new service model adopted for the CADE network offers considerable advantages for persons who need to carry out different types of transactions on a regular basis. Benefits include shorter waiting periods, better facilities, and more personalized service. Once the shortcomings of the network have been addressed, these benefits will be further improved. The shortcomings have to do primarily with: i) the operating capacity, diversification of supply, and geographical coverage of the SuperCADEs; ii) the penetration and efficiency of the alternative channels; and iii) the quality of service management.

1. Operating capacity, diversification of supply, and geographical coverage of the SuperCADEs

- 1.13 **Operating capacity cannot always meet demand.** The network is beginning to show signs of saturation and deterioration. This suggests that the quality of service may be jeopardized, even without further increases in demand. Also, the heavy traffic of people in the SuperCADEs, because of insufficient geographical coverage, has already produced a deterioration in services, with extreme cases of several-hour-long waits in the busiest months. Some of the agencies with offices in one of the SuperCADEs show a significant difference between the hourly client service capacity and the inflow of people on peak days, as can be seen below.

⁴ “Citizen situations” are all cases or events that can happen to a citizen that require specific action by some agency. They are situations that tend to occur with certain frequency but for which no specific procedure or program exists.

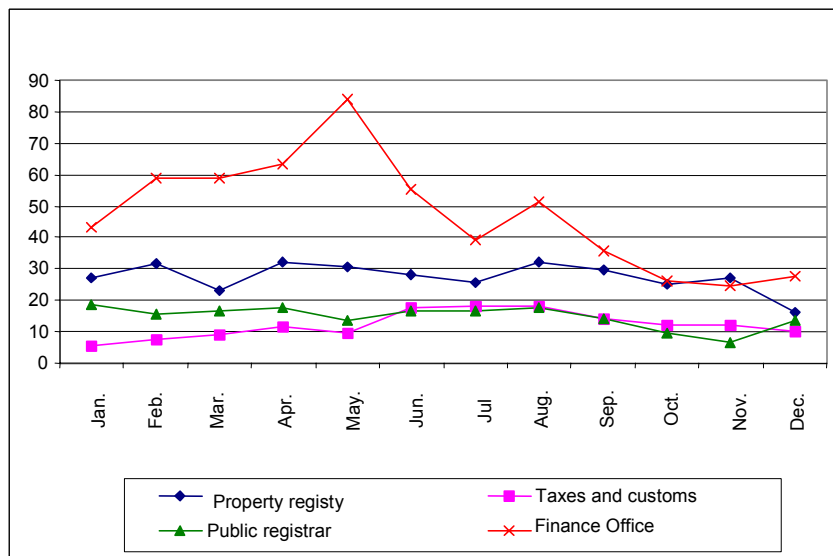
Table I-3
Service capacity and influx by agency
“Centro Administrativo Distrital” SuperCADE
April 2005

Agency	Hourly service capacity	Hourly inflow on peak days	Services provided in month
District Finance Office	408	1,085	141,108
National Tax and Customs Office	32	90	11,706
District Property Registry	142	251	32,650
District Civil Registrar’s Office	90	171	17,552

Source: DDSC

- 1.14 In addition, the network’s capacity to meet demand for the principal transactions is outstripped almost the entire year. A review of statistics for 2005 shows that the demand for the services of the District Finance Office are concentrated in the months of January through September, with a slight decline in the last quarter of the year. Statistics of the National Tax and Customs Office show that demand is low in the first two months of the year, and that there is a surge in the months of June, July, August, and September. Demand at the District Property Registry is steady, with an upsurge in January and a decline in December, months in which this agency is open for only 15 days. For its part, the District Registrar’s Office shows steady demand in the first nine months of the year, and a decline in the last three.

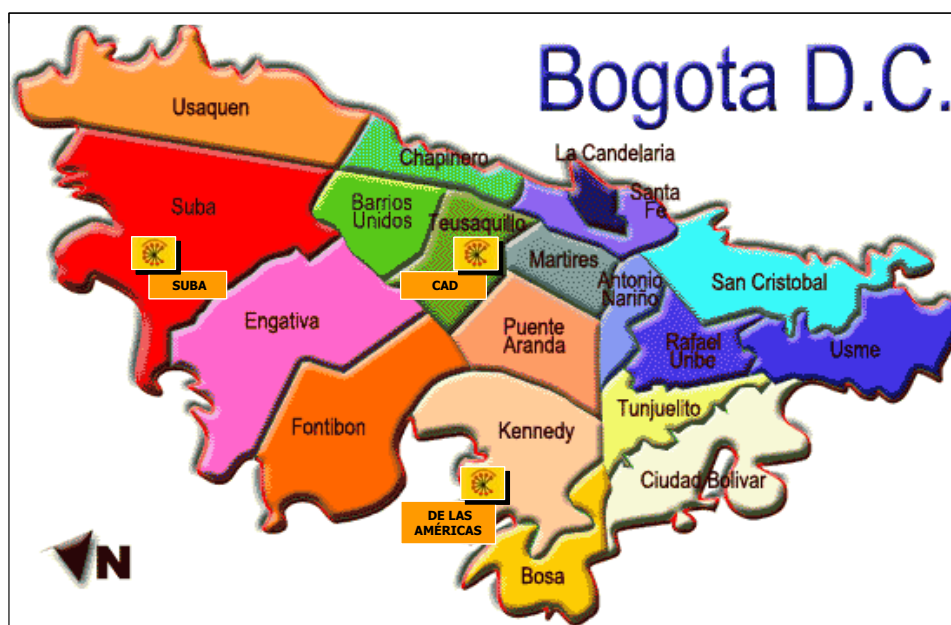
Figure I-1
Annual distribution of demand at the “Centro Administrativo Distrital” SuperCADE
Principal services (thousands) 2005



- 1.15 On days that transactions come due, waiting periods at the four busiest agencies, which account for over 70% of the requests handled, can be six hours long. The cost of traveling to the service centers (time and fares) must be added to the cost of waiting, all of which can be reduced by making services more widely available.
- 1.16 **The supply of services is limited.** The CADE network as a whole, and the SuperCADEs in particular, need to continue diversifying their supply of services because they currently do not offer certain services that are in considerable demand, such as the transactions of the Social Security Institute (health, pensions, occupational hazards); social services related to housing allowances, access, and legalization; business assistance services (Local Business Development Unit); and employment offices, among others.
- 1.17 **The SuperCADEs are geographically too close together.** Two SuperCADEs are in operation and one is currently under construction. In geographical terms, their sites cover very small areas of the city (see Map I-1). This results in average 40-minute-long travel times, although this can reach 90 to 100 minutes,⁵ depending on the distance and the time of day. Added to the cost of transportation and the amount of time spent at the Center, this has a substantially adverse effect on the economies of many families.

⁵ IDB-Mayor's Office survey, February 2006. A total of 15% of respondents stated that it takes between an hour and an hour and a half to reach the SuperCADE.

Map I-1
Location of existing SuperCADEs



- 1.18 **Improvements are needed in the infrastructure of the CADEs.** In addition to the problems of insufficient capacity to meet demand, and the need to diversify supply and make SuperCADE services more widely available throughout the city, the existing CADE facilities need to be upgraded because their current condition impedes the proper delivery of services to the public. The main shortcomings of these facilities⁶ are: the age of the buildings (more than 12 years), and the need to renovate waiting rooms and service counters, improve access for disabled persons, and improve internal signposting.

2. Penetration and efficiency of alternative channels (virtual, telephone, fairs)

- 1.19 **Scant use of virtual channels.** A recent assessment conducted by the Mayor's Office revealed that, in comparison with on-premise options, the use of alternative channels, such as the virtual channel, is very limited. This is one factor that contributes to the overcrowding of the service centers.
- 1.20 Factors beyond the control of Mayor's Office cause the limited use of these channels and include: the degree of Internet penetration (8.4% for Colombia,

⁶ This applies to the CADEs in La Gaitana, La Victoria, Muzu, Plaza de las Americas, Santa Helenita, Santa Lucía, Servita, Rises, Tunal, and Yomasa.

11.2% for Bogota), the prevailing “paper culture,” and the fact that the electronic signatures are not legally accepted. Other constraints, however, can be improved.

- 1.21 While an acceptable level of non-transactional information⁷ is offered on the Bogota Portal, interactive information and transactions (total or partial) are relatively less developed and afford considerable room for improvement. In order to increase the effectiveness of public services, improvements can be made in transactional information related not only to the payment of taxes and services, but also to other operations such as medical appointments, public health monitoring, school enrollment, and information on competitiveness associated with the space and business activities. Moreover, since the physical network of service centers, call centers, and telephone consultation is supported by the Bogota Portal, improvements in the Web site’s information and transactions will have a positive impact on the rest of the network.
- 1.22 **Poor efficiency of the Bogota 195 call line.** Despite its broad portfolio, 86% of the Bogota 195 calls are received by four agencies, and only for certain services, such as appointments for personal identification cards, System for the Identification and Classification of Potential Social Program Beneficiaries (SISBEN) scores, school and for conditional allowances registration, selection of occupational risk insurance administrators (contributory and subsidized arrangements), and district tax payments. This excessive concentration on a few services is largely due to widespread ignorance of the services offered through the call center.
- 1.23 In addition, the level of service is not optimum. Although the ideal breakdown is 80-20 (that is, 80% of calls answered within 20 seconds), the present ratio is 5-20. Nonetheless, use of this channel is growing rapidly. Since it was launched in 2001, the number of calls received grew from 188,000 in 2002 to more than 2 million in 2005. As in the case of the physical and virtual networks, demand peaks between November and April, when there is a strong upsurge in the need for information on the services offered by the Finance, Education, Health, and Planning, and the Public Registry Offices. A more flexible system is needed that can adapt to foreseeable variations in demand without generating undersupply or oversupply, both of which have an impact on cost, and ensure easy access to Line 195 high peak periods.
- 1.24 **Service fairs have not been institutionalized.** Another channel created by the Mayor’s Office to improve access to services is the “Public Service Fairs” project. Twice a month, these Fairs take the services offered by different agencies to busy parts of the city. They last three days and are set up with mobile units and/or modules from different agencies. In 2005 a total of 18 fairs were held where more than 500,000 requests were processed. Most requests concerned information on

⁷ Information on more than 800 transactions can be accessed online.

local road networks; payment of district taxes; cadastral certifications for changes of address; updating of information for public utility services; and registration in SISBEN. Other requests were for water service; information on educational, recreational, and cultural events, and orientation on social matters.

- 1.25 Although the Fairs have made it possible to extend service coverage and reduce pressure at on-premise service points, they require an enormous logistical and administrative effort. They need strong institutional underpinnings so that continuity is not dependent on the availability of the staff members of participating agencies. The idea is for these Fairs to continue in operation until demand at the on-premise service centers levels out once the new SuperCADEs go into operation and existing CADEs have been strengthened, since all services offered at the Fairs are also offered at the permanent centers.

3. Quality of service management

- 1.26 **The need for an integrated management system.** The CADE network presently has two systems for registering, administering, and evaluating the number of people served through the different channels. One is the **Customer Queuing System**, which includes additional variables such as wait and transaction times, abandonment, available services, and others. The other is the **Channel Unification System**, which enables service points without a customer queuing system to record their service statistics in real time, and to consolidate the different sources of information into a single system. However, the statistics generated by this system cannot be used to measure the quality and timeliness of services provided, nor to project and scale service needs.
- 1.27 Not only does the DDSC have responsibility for evaluating and planning the services of the CADE network, it is also charged with evaluating all the service points of agencies serving Bogota. It does not have, however, an integrated system or application that enables it to monitor service management in real time, and to manage by results. Therefore, it needs to work with the agencies directly involved in service delivery to design standards and indicators for evaluating the variables of quantity and time, as well as cost patterns and degree of user satisfaction; it must also be able to make adjustments in the network's operations.
- 1.28 In addition, the DDSC's workload has grown substantially in recent years due to the expansion of service channels; the renovation, improvement, and construction of new points; and the inclusion of new services and agencies in the network. This occurred without the benefit of new methodologies and working instruments, without training to upgrade staff efficiency and effectiveness, and without hiring new staff.
- 1.29 The DDSC has two sections (operational and quality), and 180 employees. Of this total, 145 work in the operational section providing administrative and functional

services, including at the CADEs and SuperCADEs. Fifteen work with the quality section and are engaged in the monitoring, control, and ongoing improvement of services. The 20 remaining employees support the DDSC executive division in procurement and in new programs.

- 1.30 The impact of the burgeoning growth in demand for services and the expansion of channels on DDSC obligations and responsibilities make it necessary to rescale its workload, establish timely measurement controls, and plan for future operational and functional needs, so as to assure the institutional sustainability of the service model.
- 1.31 The DDSC's administrative and accounting systems also have certain weaknesses. Currently, financial data is processed manually and non-systematically, and some items of expenditure are recorded in different government agencies (depending on who incurred them). This makes it extremely time consuming to generate reliable and timely information on the network's expenses and revenues.
- 1.32 There are also some problems with planning and with coordination among different areas and agencies of the Mayor's Office; once dealt with, the network's current infrastructure will function more smoothly. These problems include: i) some agencies do not use planning to scale demand and as a result limit their institutional supply to a few modules and service representatives; ii) insufficient attention is given to the upsurge in the volume of clients when bills come due on similar or forthcoming dates; iii) overcrowding is related to the general habit of doing errands in free time, at the best-known service points (SuperCADEs), and early in the day; and iv) more information needs to be disseminated on the different channels and services available.
- 1.33 **The need to upgrade agents' skills.** The SDSC has more than 2,100 service officials or staff whose know-how and skills for serving and orienting users need to be improved. When there is staff turnover, agencies often replace outgoing employees with new ones who are underqualified for the job, and who do not receive guidance or direct training related to the agency itself, or to the service point or channel where they will be working (the latter is the direct responsibility of the DDSC). This situation is compounded by the introduction of new technologies that need to be assimilated. Given these circumstances, the DDSC has not been able to develop a system of periodic evaluations to generate information that can be used for policy design and for training and refresher courses for network service providers with a view to safeguarding the quality and timeliness of services.
- 1.34 **The need to modernize information systems and the informatics network.** Line 195 is supported by a Web-based technology hosting platform operated by a third party, the Bogota Telecommunications Company. This is where the different applications or systems of the Bogota Portal are found, including the guide to transactions and services, the complaints and solutions system, the procurement

web page, among others. The response times of some applications and systems need to be improved, as this affects the quality and timeliness of information obtained either by channel, development language, support platform (hardware), or the structuring of the software. The channels and means used by the staff to operate and provide inputs for the platform need to be upgraded to allow for timely updating of information, the recording of notes, the creation of links to related subjects, and the statistical management of updates and consultations. Technological modernization and development are very important for this channel because the portal must be dynamic, creative, and innovative.

- 1.35 **The need for a master plan for medium-term land-use planning.** Even though the Mayor's Office has been implementing effective solutions for operating an efficient public services program, the corresponding investments should be consistent with the guidelines of the Bogota Land-use Management Plan.⁸ This plan underscores the importance of master plans as "basic planning instruments of the urban development strategy that make it possible to define urban development needs in accordance with the expected population growth and the location of business activity, for the purpose of programming short-, medium-, and long-term sectoral investment projects" (15 years).
- 1.36 In compliance with the above, the present administration needs to design and implement a medium-term master plan for its administrative offices,⁹ which will make it possible to design policies for determining where to locate these offices and public service points, for future administrations. This process has already begun with an initial inventory of District offices, the appraisal of their current condition, and the formulation of guidelines for modifications to public and architectural spaces, and for the corporate image.

D. The Mayor's Office's sector strategy

- 1.37 Since 1991, the Mayor's Office of Bogota has been implementing a policy to upgrade the quality of services and attention to the public, through specialized centers (CADEs) originally set up to collect payments for water, electricity, and telephone services. In 2001 the policy was extended, with IDB support,¹⁰ in order to create a network that would provide efficient and effective services, and to meet a wider range of citizen needs. Efforts began with the modernization of existing CADEs and continued with the establishment of the first SuperCADE, a

⁸ The Land-use Management Plan is a medium-term navigational aid that sets guidelines and mechanisms for balanced, equitable, and efficient land use. It is the principal planning tool created under Law 388 (the 1977 Urban Development Act).

⁹ Includes the buildings owned, leased, or used in commodatum by Mayor's Office for administrative purposes and for providing public services.

¹⁰ Institutional Strengthening for the District of Bogota (1385/OC-CO).

series of RapiCADEs, and TurisCADEs in strategic points of the city. This network became synonymous with “good service” for the residents of Bogota.

- 1.38 On the basis of the foregoing, the current administration decided to monitor and further strengthen the CADE network model, framing it with two of the principal premises of the 2004-2008 Development Plan: “(i) public endeavor will seek to provide coordinated and comprehensive social action to simultaneously serve the needs of both population groups and communities, taking into account gender, vital cycle, socioeconomic situation, and the habitability of the land, and (ii) priority will be given to population groups in situations of extreme poverty and vulnerability, with a special focus on people with disabilities.”
- 1.39 The strategies adopted by the Mayor’s Office to achieve the above were: i) to create a specific institutional framework (establishment of the DDSC in 2003) for extending and modernizing the network and the virtual supply of services; and ii) to deconcentrate service centers geographically by opening five new SuperCADEs, placing priority on setting them in the city’s neediest localities. To this end, it sought Bank support to obtain assistance and the necessary resources. This program was scaled to cover all the activities agreed to by the project team and the Mayor’s Office for improving service delivery in the years ahead.

E. The Bank’s country and sector strategies

- 1.40 The Bank’s strategy with the country (document GN-2667-1) was approved in September 2003 and includes three priority areas: i) laying the groundwork for economic revival and jump-starting growth; ii) fostering social progress and making sure the country’s most vulnerable citizens are protected; and iii) strengthening governance and further modernization of the State. The present operation will contribute to achieving objective (iii), because improving the efficiency of public services delivery and improving quality and coverage will strengthen modernization of the State; and objective (ii), given the strong emphasis of establishing new service points in poor areas of the city.
- 1.41 The Bank’s Modernization of the State Strategy (OP-1004) targets public management, especially service management, as a primary sphere of action. Accordingly, this program focuses on areas that have been identified to guide the Bank’s activity: i) creation of unified offices (one-stop windows) for service delivery; ii) development of intergovernmental coordination mechanisms to promote economies of scale in service delivery; and iii) upgrading of the capabilities of subnational governments to provide effective and efficient public services. This operation addresses all these aspects of the strategy.

F. Lessons learned

- 1.42 The Bank has supported activities to upgrade the District Public Services System (SDSC) through an institutional strengthening operation in the Bogota Capital District (1385/HQ-CO). In designing the present operation, the lessons learned from that project were taken into account, including the importance of: i) developing on-premise and remote service channels to handle the increase in demand; ii) eliciting the participation of agencies, when designing the service centers, in order to ensure that the greatest possible range of essential services are available to the public; and iii) maintaining reliable monitoring systems to help introduce improvements and plan and determine future needs.

G. The program strategy

- 1.43 The Mayor's Office implemented a successful program in 2001-2003 to strengthen the CADEs, which is the starting point for this operation. Given the difficulty of maintaining service quality in light of increased demand, this program proposes a strategy based on four broad guidelines: i) to support the Mayor's Office's strategy to expand, in the immediate future, the geographical coverage of on-premise services by constructing and outfitting new SuperCADEs; ii) to include specific new services identified as being most urgently needed by the population (especially the lower strata), including the transactions of the Social Security Institute (health care, pensions, and occupational hazards); procedures for obtaining housing subsidies and legally constituting neighborhoods; creation of the Local Business Development Unit, among others; iii) to strengthen and extend the virtual and telephone services offered by district agencies; and iv) to improve management, control, and monitoring tools, and guarantee orderly medium- and long-term growth in accordance with the city's land-use plans.
- 1.44 In accordance with the guidelines set by the Mayor's Office, all DDSC activities to improve service delivery were to be included in this program, which explains its scaling. Taking into account demand and population projections, and the need to extend coverage in order to facilitate access to services, it was felt that seven SuperCADEs should be distributed throughout the city, and that the rest of the network should be modernized. In addition, improved management would guarantee efficient and sustained service delivery, and excellence in public services in the coming years.

II. THE PROGRAM

A. Objectives and description

- 2.1 The general objective of the program is to help improve the satisfaction of Bogota residents, especially the most disadvantaged, with the services provided by the Mayor's Office, by strengthening the District Public Services System (SDSC).
- 2.2 Specifically, it seeks to improve the coverage, quality, variety, and efficiency of the system by providing and renovating infrastructure, increasing and diversifying the supply of services and channels, and improving the quality of management tools.

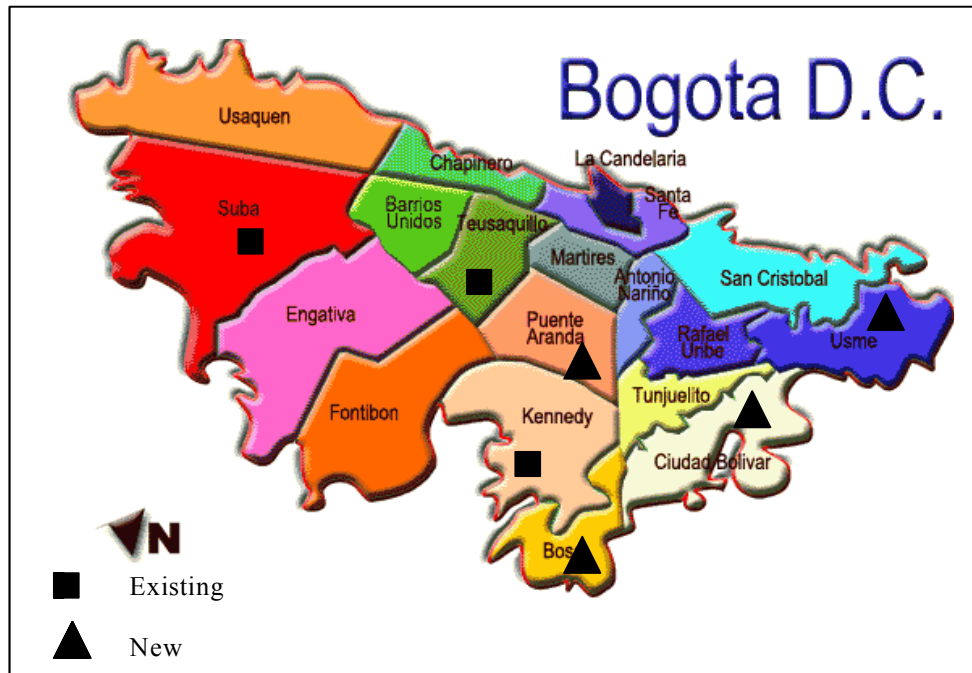
B. The program structure

- 2.3 To achieve the aforementioned objectives, the program has been organized into three components: i) *expansion, outfitting, and renovation of services infrastructure*, in order to deconcentrate and reduce overcrowding in service delivery; ii) *improvement and diversification of service access*, with a view to making more efficient use of on-premise channels, and promoting greater use of the virtual and call center options; and iii) *improvement of service management*, so as to improve the quality of system management, and facilitate its orderly expansion.

Component 1: Expansion, outfitting, and renovation of service infrastructure (US\$7.9 million)

- 2.4 The main objective of this component is to deconcentrate and reduce overcrowding of the services most frequently used by the public, and to improve, in the short term, the balance between supply and demand by expanding and improving the physical infrastructure where the on-premise services of the CADE network are offered. To this end, the component will carry out the following activities:
- 2.5 **Siting of four (4) new public service points**, through procurement, the use of district property, or the donation of property under arrangements whereby construction of public service facilities is legally permitted. Counterpart funds will be used to acquire one of the lots (Ciudad Bolívar) where a service center will be built. These service points will cover much of the city, as shown in the following map, and they were set strategically in hubs to facilitate access for city residents, especially those from poorer and more disadvantaged neighborhoods.

Map II-1.
Sites of existing and new SuperCADEs



- 2.6 **Design, construction, and commissioning of four new Comprehensive Service Centers (SuperCADEs)**, with a view to improving the balance between service supply and demand, deconcentrating supply in geographic terms, reducing waiting times, and ensuring the timeliness and quality of services. The corporate image devised by the District Administration for public service points will be adopted, and the facilities will be outfitted with furniture, equipment, and accessories that meet specifications of the Corporate Image Manual. This activity will also provide the means of supervising, monitoring, and exercising comprehensive control of the facilities, their own assets, and the assets of third parties, as well as the access and control by service representatives and the public.
- 2.7 The basic conditions for the construction of new centers are: the use of highly durable and low maintenance construction materials, architectural designs involving adaptable modular structures that can be expanded in periods of high demand, and the application of the “smart building” concept for technical, technological, and communications infrastructure. Program resources will be used to finance the design, construction, outfitting, and supervision of the four new SuperCADEs. The DDSC already has the architectural models for the SuperCADEs, which will be adjusted to the characteristics of the land where they will be located.
- 2.8 **Renovation of 10 CADEs.** One of the aims of this activity will be to focus on modernizing waiting and service areas; renovating the structured wiring systems for

voice and data communication, and for electricity; improving access for disabled persons; and incorporating the corporate image devised by the District to create a single identity that makes it easier for the public to recognize and locate the facilities. This will require public works, as well as technical and technological adaptations at the service points. Program funds will finance the renovation designs, the works themselves, and the supervision.

- 2.9 In addition, all CADEs and SuperCADEs will introduce the signposting used for District buildings, to include production and installation of all external and internal signposting. This will help standardize service delivery and strengthen the corporate image of the District Administration. Also, steps will be taken to encourage adoption of this signposting by all offices and service points of district agencies that do not belong to the network.

Component 2: Improvement and diversification of service access (US\$2.4 million)

- 2.10 This component seeks to make more efficient use of on-premise channels and promote the use of virtual and telephone channels, with a view to reducing overcrowding at the centers and diversifying citizens' contact with network's public and private agencies. To this end the following activities will be carried out.

- 2.11 **Strengthening and diversification of service supply through virtual and telephone channels.** The technical design of the Bogota Portal will be upgraded and its content reviewed to improve the drafting, editing, and publication of important information on services and transactions available online. This process will include increasing the number of transactions and making access easier. Consulting services will be hired for this purpose, and systems, software, and equipment will be purchased for the purposes described below.

- a. Assist District agencies that do not have sufficient funds to implement Web projects, so they can provide information and management services. To this end, program funds will be used for: i) opening web space in the Bogota Portal, so that agencies with very limited budgets can post their information, management results, and services online; ii) creating a section in the portal's structure to permit technical maintenance, hosting, and integration with <http://www.bogota.gov.co/>; and iii) creating for these new sections their own space in the portal's content administrator, so they can maintain, update, and publish their information. The District Systems Commission will establish the criteria that will be used to determine the degree of support afforded to district agencies, since one of its principal functions is to ensure productive use of district software and applications.

Many city residents use the network's centers to get copies of their household public utility bills and to make their payments. Because of this, the program

will work with these agencies, and with regulatory and supervisory agencies, to approve and authorize payment either by electronic means or through printouts at home, with payment at the city's service points; it will also work to update personal information using the Internet. Another service to be strengthened is on-demand generation of official forms and documents because, of the myriad documents issued or required by District agencies, only a small number is available online.

This activity will include providing agencies that have Web sites—or that are constructing them—with a single content-editing tool, through open-code technologies and contributions. This is expected to reduce the cost of constructing and maintaining Web sites because participating agencies will be able to use specific utilities tailored to their needs, and standard working models that enable them to share contents and to be configured into a single giant District Web site.

- b. Generate own content (video, music, photography, animation). To this end, specialized content will be procured, including new sections that will require investment in infrastructure (new applications or tools for accessing each typology, Web cameras, etc.); in addition, agreements will be promoted with different types of agencies to create opportunities for sharing experiences with similar projects in other countries.
 - c. Create at least one virtual public service point (Virtual CADE) in each of the 20 localities, to provide remote access to information and services. To this end, program funds will be used for a study to determine in which district facilities they will be placed; to promote alternative mechanisms for accessing the virtual network; to design and adopt the physical, technical, and technological structure, and the structure for connectivity, so as to improve integration among these points and the databases of the agencies responsible for the service, as well as the systems for administering, evaluating, and monitoring the services provided through this channel.
- 2.12 **Strengthening of service fairs.** The purpose is to promote, institutionalize, and improve the logistic coordination of the Public Service Fairs, and to provide operational support for monitoring them. To this end, the program will finance actions to strengthen integration between the service points and the databases of the participating agencies. Funds will also be used to facilitate more efficient planning, communication, and dissemination of the service fair schedule. At program end, when the seven SuperCADEs are operating, an assessment will be made of the need to maintain this channel, given the considerable logistical efforts and financial costs they involve, and the fact that all services offered are available at the network's centers. Another possibility would be to reduce frequency by holding them only in "peak" months.

- 2.13 **Publicity campaigns and user evaluation of services.** The aims of this activity are to foster confidence in the virtual and telephone channels, encourage the use of on-premise channels on days and at times when there is less traffic, and facilitate an ongoing process to upgrade service quality standards. User surveys on the services provided by the different channels will be designed and conducted, and the findings used to make any necessary adjustments. At least one of the surveys will seek to identify deficiencies in the network's corporate image, citizens' customary practices for accessing services, and the difficulties of or resistance to using the remote channels. The information gathered will be used to make changes in the image, and to design advertising and orientation campaigns to increase understanding of these channels, the services provided, and the best ways to use these channels and on-premise services. The information will also be used as feedback for the services management system and to enable citizens to select the option most suited to their needs. To this end, program funds will be used to design and conduct the surveys, and to run the corresponding campaigns.

Component 3: Improvement of service management (US\$3.2 million)

- 2.14 This component comprises activities to strengthen the managerial capacities of the DDSC with the aim of improving the quality of service management. These activities include: i) services management and administration systems; ii) upgrading the skills of service representatives to attend, orient, and inform the public of other services; iii) information systems and technologies; and iv) formulation of the master plan for the administrative offices.
- 2.15 **Service management system.** As identified in the assessment, one of the DDSC's main problems is the dearth of systematized, timely, and reliable information for decision making. With the growth of the service network and the expansion of the DDSC's functions as the office responsible for oversight of the quality of all public services, there is now a pressing need for instruments and information systems that make it possible to anticipate changes in the volume and composition of demand, and to design policies and programs on the basis of this information. The program will finance the design and implementation of a management system capable, at the very least, of: i) determining and evaluating the financing and capital/recurrent costs of operating each network center; ii) determining and evaluating the management quality of DDSC services, based on previously established standards¹¹ and user satisfaction; and iii) projecting the demand for services, financing, and related costs for the different channels and the different sites.

¹¹ Preference will be given to ready-made solutions available in the market; custom software will be developed only on an exceptional basis.

- 2.16 The program will also provide funds for developing and introducing administrative systems, especially for the accounting and financial areas, and to provide staff training on how to use them.
- 2.17 Finally, the DDSC requires technical assistance to support the development of new projects, especially for formulating the terms of reference and technical specifications for the procurement of goods, services, or systems. To this end, the program will hire specialists to support and train DDSC staff in these areas, and to upgrade their capacity to develop, administer, monitor, and oversee the formulation of architectural projects, including design, the execution of public works, and the launching of services; consolidation of the DDSC's presence; and ongoing improvement of both internal and external transactions and services.
- 2.18 **Upgrade the skills of service representatives to attend, orient, and inform the public of other services.** The purpose of this activity is to offer superior service and foster a smooth relationship between the public and the District Administration. To this end, the program will finance the design and implementation of training programs to: i) upgrade skills and improve outcomes, through time management in product and service delivery; ii) promote teamwork and the possibility of task switching; iii) recognize the economic, cultural, and ethnic conditions of individuals that use the service, so as to provide more appropriate and personalized treatment; iv) develop a common philosophy on public service, using effective communication and based on shared values and mutual responsibility; v) establish and monitor the enforcement of service quality standards; and vi) foster personal growth in order to develop values and vision, optimizing performance and well-being of service representatives.
- 2.19 **Technologies and information systems.** This activity aims to provide the different public service points and channels of the CADE network with goods and collective information systems that foster good management at the centers. This will include voice and data communication networks; internal and external communications; management programs; consolidation of statistical information for sizing the network's overall capacity and the capacity of each service point; and other equipment and elements needed to strengthen the DDSC's technological capacity to manage the District Public Services System. The program will not finance equipment for the agencies of the network; this will have to be acquired with their own funds.
- 2.20 **Master plan for the administrative offices.** The program will finance formulation of this plan, which will underpin the programming of sectoral investments in the medium and long terms. The plan is expected to enable future District administrations to forecast public service needs after the conclusion of this operation. It will have a 15-year horizon (beginning in 2008), cover the entire metropolitan area, and define the general policy and rationale for expanding sites based on: projections of service demand in the different localities; the urban and

rural land requirements for the new facilities; characterization and typology of the new facilities, based on the area standards provided by sector agencies; scale of the facilities;¹² land-management mechanisms provided for in the legislation; and institutional relations, given the need for coordination between the different public sector and private sector agencies participating in the service.

C. Cost and financing

- 2.21 As specific investments must be made within a given timeframe to address the shortcomings in the public service system, the Bank team and the Mayor's Office team explored all the financing instruments available and agreed that an investment loan would be the most appropriate instrument for this operation.
- 2.22 The total cost of the program has been estimated at US\$15 million, and includes Bank financing of US\$10 million from the Ordinary Capital (OC), and counterpart contributions equivalent to US\$5 million.¹³ The counterpart funds provided by the Mayor's Office will be drawn from its annual investment and operating budget. In general, counterpart funds will be used to cover the cost of intangible goods and services, such as consulting and other services, while the financing will be used preferably for tangible goods and services, such as works and equipment.

¹² The Land-Management Plan (POT) classifies the facilities into four types, depending on the scope of their area of influence: **Metropolitan**, serving the entire city and region; **Urban**, serving most of the city; **Zonal**, this intermediate level serves a single locality, a Zonal Planning Unit (UPZ), or a group of neighborhoods; and **Local**, serving individual neighborhoods.

¹³ These amounts were determined based on the amount of borrowing the Council of Bogota authorized for the Mayor's Office.

Table II-1
Program budget (US\$000s)

Item	IDB		Local counterpart		Total	
	US\$	%	US\$	%	US\$	%
I. Direct Expenses	9,113	60.8	4,384	29.2	13,497	90.0
1.1 Expansion and renovation of infrastructure	5,903	39.4	1,961	13.1	7,864	52.5
1.2 Improvement and diversification of service access	1,165	7.8	1,230	8.2	2,395	16.0
1.3 Improvement of service management	2,045	13.6	1,193	8.0	3,238	21.6
II. Administration	0	0	503	3.4	503	3.4
2.1 PSU staff	0	0	377	2.5	377	2.5
2.2 PSU operating expenses	0	0	126	0.8	126	0.8
III. Monitoring and evaluation	297	2.0	0	0	297	2.0
3.1 External audits	197	1.3	0	0	197	1.3
3.2 Monitoring and evaluation	100	0.7	0	0	100	0.7
IV. Contingencies	590	3.9	113	0.8	703	4.7
Total	10,000	66.7	5,000	33.3	15,000	100

III. PROGRAM EXECUTION

A. Borrower, guarantor, and executing agency

- 3.1 The Bogota Capital District will be the borrower, and the Republic of Colombia the guarantor of the financial obligations of the loan agreement between the Mayor's Office and the Bank. The Capital District will be responsible for providing the counterpart funds and the performing commitments assumed. The Bogota Capital District will be the executing agency, through its General Secretariat and in close coordination with the Finance Office (SHD).

B. Program execution and administration

- 3.2 Technical responsibility for executing the components will fall to the line staff of the General Secretariat, in particular those working in the District Office for Public Services (DDSC). The DDSC has gained valuable experience in program execution, including specific responsibilities in loan 1385/OC-CO, which is being carried out in a satisfactory manner.
- 3.3 The **General Secretariat** will have a **Program Support Unit (PSU)** that will provide support to the line staff. It will have the following responsibilities: i) to draw up the annual work plans (AWPs), based on information prepared by the DDSC, forwarding them to the Finance Office (SHD); ii) to review and help prepare Terms of Reference (TOR) and to prepare bidding documents; iii) to provide technical monitoring and assist in evaluating fulfillment of the activities, objectives, and goals set out in the AWP; iv) to carry out the processes to procure goods, as well as consulting and other services; v) to supervise the provision, use, maintenance, and conservation of goods, equipment, and materials acquired under the program; vi) to send all necessary information to the disbursing officer of the General Secretariat so that the corresponding payments can be made; vii) to prepare semiannual and such other reports required by the Bank, for transmittal to the SHD; viii) to maintain an effective filing system of the supporting documentation for eligible expenditures, for review by Bank staff and the external auditors; ix) to maintain separate records of program operations to allow for accounting and financial management of the loan proceeds and of the local counterpart funds; x) to prepare the disbursement requests and supporting documentation that will be forwarded to the SHD; xi) to prepare the financial and accounting statements for review by the auditors and for subsequent delivery to the SHD; and xii) to establish operational controls and commission the external audit.
- 3.4 The PSU will be made up of a coordinator, who will be responsible, among other things, for program monitoring and for consolidating the AWP; an administrative, financial and accounting specialist; and a specialist in procurement and contracts. The TORs for these positions have already been agreed to with the Bank. The PSU

coordinator will report directly to the Secretary General of the Mayor's Office, who will serve as General Program Coordinator. **Selection of the PSU coordinator, the administrative-financial specialist, and the procurement and contract specialist is a condition precedent to the first disbursement.**

- 3.5 The **Finance Office**, through the **Project Coordinating Unit (PCU)**, will be responsible to the Bank for: i) reviewing and delivering the disbursement requests and justifications for eligible expenditures; ii) preparing the semiannual reports on the activity of the revolving fund; iii) reviewing the financial reports and the accounting statements; iv) validating the budgetary and financing viability of the AWP; v) ensuring that counterpart funds are available on a timely basis during each year of implementation; vi) maintaining separate and specific bank accounts for the Bank financing and the local counterpart funds; vii) participating in the selection of the program's external auditors and assisting the latter; and viii) communicating with the Bank as necessary to support and strengthen program implementation, serving as interlocutor with the Mayor's Office for financial matters. The PCU will also take such steps as are necessary to verify that the loan proceeds have been used for the stated purposes, and that the agreements and commitments set out in the loan agreement are being met and are reflected in the different AWP, providing support to the PSU as necessary.

C. Operational procedures

- 3.6 The PSU will draw up an **annual work plan (AWP)** for each year of implementation, detailing the activities to be carried out during the year, their timetable, and goals and indicators established in accordance with the logical framework. It will also contain a breakdown of budget execution, indicating funding sources, the terms of reference of the principal contracts, and the specifications of the bidding procedures scheduled for the year. Commencing in year two, the AWP will also include an evaluation of the previous AWP. In accordance with paragraph 3.5 above, the AWP are to be delivered by 15 November at the latest to the PCU of the SHD in order to validate its budgetary and financial feasibility. The SHD will have up to two weeks to analyze and issue its opinion, and subsequently forward it to the Bank. The final version of the AWP for year one of the program has already been agreed to by the Bank and the Mayor's Office.

D. Procurement of goods and services and execution of works

- 3.7 The procurement of goods, related services, and consulting services will be carried out in accordance with the Bank's new policies and procedures. Goods and services in amounts of more than the equivalent of US\$250,000 will be procured in accordance with international competitive bidding (ICB) procedures. In the case of consulting services in amounts of US\$350,000 or more, international open calls for proposals will apply. For physical works, ICB will be

used for contracts of more than US\$5 million. In all cases, procurement in amounts below these thresholds will be governed by national legislation, provided it is compatible with Bank policy.

E. Execution and disbursement schedule

- 3.8 Disbursements will be made over an estimated four-year period, from the date the loan agreement enters into effect. The following table shows the disbursement schedule for the loan and the local counterpart funds. Year I is divided into expenditures the Bank will be asked to recognize and disbursements.

Table III-1
Disbursement schedule
(US\$ 000s)

Source	Year I Recognition	Year I Disbursement	Year II	Year III	Year IV	Total
IDB	3,000	536	4,700	1,000	764	10,000
Local	1,250	250	2,760	138	602	5,000
Total	4,250	786	7,460	1,138	1,366	15,000
%	28.3%	5.3%	49.7%	7.6%	9.1%	100

F. Recognition of expenditures

- 3.9 The District has asked the Bank to recognize, as local counterpart funds or chargeable to the financing, expenditures incurred in the 18 months prior to the approval of the loan, corresponding essentially to a series of activities framed by this operation. The estimated amount of expenditures to be recognized as counterpart funding is US\$1,250,000, and as chargeable to the financing is US\$3 million. The amount chargeable to the counterpart funding complies fully with national legislation, and is acceptable to the Bank. With regard to the expenditures chargeable to the financing, the Bank will verify whether procurement procedures were carried out in accordance with the new policies, and if so, it will recommend that the expenditures be recognized.

G. Revolving fund and review of disbursements

- 3.10 **Revolving fund.** To facilitate program disbursements, a revolving fund of up to 10% of the Bank financing will be established. This percentage is justified in light of the sums required for construction of the works and implementation of the SuperCADES.

- 3.11 **Review of disbursements and procurements.** Given the positive experience of the Bank and the Mayor's Office in administering IDB operation 1385/OC-CO, it was felt that post reviews could be used for procurement procedures and justification of disbursements for works, related services, and consulting services in amounts below the thresholds set for international competitive bidding for which contracts are awarded by competitive procedures. However, all procurement procedures involving renewals, extensions, or additions to contracts will be subject to prior review by the Bank.

H. Monitoring and evaluation

- 3.12 **Monitoring report.** The borrower will present semiannual reports to the Bank through the PCU describing the progress made during the current year of the annual work plan, with details of the actions carried out and procedures applied in using the financing. The Bank will evaluate compliance with the timetable and fulfillment of the indicative targets set out in the corresponding AWP, making recommendations as necessary.
- 3.13 **Midterm and final evaluations.** The Bank and the executing agency will perform a midterm evaluation when at least two new SuperCADEs are in place or in the second half of 2007. The final evaluation will be made when 90% of the loan resources have been disbursed. In both cases, a consulting firm contracted by the executing agency will collect and analyze the program's core data, especially data concerning the indicative goals established for program monitoring in the logical framework, and the actions specified in each AWP. User satisfaction with program-supported services will also be examined. The terms of reference for contracting and selecting the firm will require the Bank's no objection. In particular, the midterm evaluation should consider the outcomes and lessons learned from loan 1385/OC-CO (Institutional Strengthening for the District of Bogota).
- 3.14 **External audit.** The expert report on the financial statements will be performed by a firm of independent auditors acceptable to the Bank, based on previously approved terms of reference (documents AF-400 and AF-500). It will include, among other things, unannounced visits and reviews. Standard Bank procedures for the selection of external audit services (document AF-200) will be used to select and contract the firm. The program's audited annual financial statements will be submitted within 120 days after the close of the fiscal year, and the final audit report within 120 days after the last disbursement. Audit costs are covered by the program and will be financed with loan resources.

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The principal responsibilities of the General Secretariat include administering the District Public Services System, designing sector policy, and setting standards and indicators for all services provided in the city. The capacity it has shown in carrying out these tasks has earned it wide recognition for service quality and strong approval by society. Furthermore, in 2005 the CADE network project received the National Executive Management Award granted by the Office of the President to successful initiatives in priority areas of government management.
- 4.2 In addition, the Mayor's Office has had successful experiences and gained expertise through the implementation of IDB investment projects, such as Support for Peaceful Coexistence and Citizen Security (1086/OC-CO), and Institutional Strengthening for the District of Bogota (1385/OC-CO). The executing agency for the latter is the same as for the present program (General Secretariat). This, combined with the support and supervision to be received from the District Finance Office, provides a sound institutional framework for executing the program.

B. Socioeconomic viability:¹⁴ The SuperCADE system

- 4.3 The construction of the four SuperCADEs and the expansion of on-premise channels will help reduce both public and private costs associated with providing services to the public, as follows: i) in addition to receiving courteous treatment in an appropriate environment, users will benefit from shorter waiting times and lower travel costs; and ii) certain expenditures incurred by the State in providing on-premise services will be eliminated. With regard to the first point, the information available could only be used to quantify benefits for current users, not for those to be included in coming years. Nonetheless, as will be shown below, benefits are expected to exceed costs. Ten-year projections were based on information provided by the DDSC and the findings of a specific survey of 1,673 users of the "CAD" and "Las Américas" SuperCADEs.¹⁵

¹⁴ Although limitations were encountered during the economic analysis with regard to the availability and quality of information, the findings, supported by a users' survey, are considered reliable. This program includes specific actions to ensure that more and better information is compiled on: i) the operating expenses of the SuperCADEs and participating agencies, ii) waiting times and the duration of transactions; iii) installed capacity; and iv) use of virtual channels, among other things.

¹⁵ This survey was financed by the Mayor's Office and the Bank, and its findings were considered by Mayoralty staff to be valuable for decision-making. The information compiled includes where users' live, their socioeconomic characteristics, gender, their means of transportation, waiting times, preferred time to do business, willingness to use virtual means, etc.

- 4.4 According to calculations, the number of on-premise users of the SuperCADEs is expected to grow by 120% in ten years, with most of this growth occurring in the next four years. This is explained basically by: i) inclusion of Social Security Institute services; ii) absorption of the present users of the Suba, Bosa, and Calle 13 CADES, which will be closed; iii) absorption of the present users of the “Patio Bonito” CADE, when it is transformed into a RapiCADE, iv) attraction of about 10% of demand from the CADES; v) absorption of users currently served at the Public Service Fairs, which will be gradually phased out; and vi) population growth. Projections were also made of the use of the currently underutilized virtual channels (presently, only 17% of SuperCADE users have ever used this means). Given the measures taken under the program and the preferences expressed in the users’ survey, this percentage is expected to grow to 30% in the medium term. It is important to note that, although steps can be taken to support growth in this area, problems on the demand side limit the possibilities of expanding the use of this channel. Specifically, the problems are: i) low penetration of Internet in Bogota; and ii) the relatively high cost of broadband service.
- 4.5 Given the growth in demand and the inadequate geographical coverage of the service centers, expansion of service capacity with SuperCADEs will be more cost-efficient than having individual agencies operate in isolation because of the economies of scale and scope resulting from bringing several agencies together under the same roof (see financial analysis). Even though the choice is a cost-efficient alternative, it is important to have a general idea of the expected benefits. Following is a description of the benefits that could be quantified, though there are others associated with service quality, the convenience of the infrastructure, and supplementary services.
- a. **Shorter waiting times** in the centers, resulting from a doubling of on-premise service capacity and greater emphasis on virtual channels, will produce an annual average benefit of approximately US\$1.6 million. Further increases in these benefits will depend in large part on the success of activities to improve management at the SuperCADEs, including the customer queuing system, projected upsurges in attendance when bills come due (demand with very high seasonal peaks), promoting virtual channels, providing education/orientation for the population (in general, around 70% of users make use of the service early in the morning or at lunch time, which often saturates the system).
 - b. **Lower travel costs.** It is expected that nearly 50% of users will incur lower travel expenses (annual average US\$350,000) and spend less time traveling (annual average US\$400,000), given the greater geographical coverage of the service centers. In addition, an at-least 10-percentage-point increase is expected in the number of people using virtual channels.
 - c. **Savings realized in the delivery of on-premise services**, resulting from:
 - i) the closing of the “Avenue Quito,” “Occidente,” and “Norte-Cedritos”

branch offices of the Social Security Institute (annual average US\$90,000); and ii) elimination or reduction in the frequency of Service Fairs (annual average US\$1 million).

- 4.6 These benefits exceed the capital costs and recurrent costs,¹⁶ and produce a positive net present value (NPV) and an internal rate of return (IRR) of around 30%. The program will continue to be profitable even if the Service Fairs are not entirely eliminated.

C. Financial viability

1. Financial situation of the Mayor's Office¹⁷

- 4.7 The city administration is recognized for its soundness, prudence, and solid fiscal practices. Its debt service is much lower than the cap set in Law 358/97, which stipulates that it may not exceed 40% of operational savings.¹⁸ In 2005, the District's debt service stood at 18.6%. In addition, its outstanding debt compared to current revenues is 67.4%, while the threshold set by law is 80%.
- 4.8 Moreover, the combination of a 3% real growth in revenues and a 5% real reduction in spending produced a high total surplus (more than US\$280 million, or nearly 1% of District GDP) in 2004, and the SHD expects that this trend will hold steady for the next ten years. Also, since a very high percentage of its revenues are collected at the service centers, it is safe to say the District has considerable interest in ensuring their operation and the complete solvency of its share of the financing (nearly 50% of the total). All of the above suggests that the District will have no financial difficulties in assuming responsibility for the operation's counterpart funding and the commitments it has assumed.

¹⁶ Construction of SuperCADEs and strengthening of virtual channels (75% of total investments).

¹⁷ The project team used the information contained in the document "Evaluación y estado de las finanzas públicas de Bogotá" (Nov. 2005), prepared by the SHD, to examine the financial situation of the Mayor's Office. District finances received an AAA risk rating from the agency Duff & Phelps, and BB from Standard and Poor's.

¹⁸ According to Article 2 of this law, operational savings is defined as the difference between the sum of tax revenues, non-tax-related revenues, royalties and monetary compensation effectively received, national transfers, share in the nation's revenues, resources of the financial balance and financial returns on the one hand and the sum of wages, fees, social benefits, and contributions to social security on the other.

2. Financial viability. The SuperCADE system

- 4.9 The financial analysis considered a ten-year time horizon, and included a projection of all current operating expenses¹⁹ and revenues of the system (seven SuperCADEs: two in operation, one under construction, and four to be built under the program), with special attention to the projections on growth in the number of users.
- 4.10 The four new SuperCADEs to be financed with program resources will produce a 100% increase in the operating expenses of the system as a whole, amounting to US\$2.5 million per year. Payments for human resources and general services represent about 80% of total expenditures.
- 4.11 Under the SuperCADEs' current financing arrangement, although total operating costs are prorated among the different agencies using the service centers according to the space they occupy, only the decentralized district agencies, nationwide agencies, and private agencies make effective payments to the District Office for Public Services (DDSC), based on that prorating arrangement. Central sector and control agencies are not charged, but their expenses are recorded and reported to the District Treasury for use in making projections. The same occurs with the so-called special cases, in consideration for the support they provide the DDSC. Finally, the support agencies are charged a rental fee based on a commercial appraisal of the space they use.²⁰
- 4.12 According to this arrangement, the payments received cover 50% of operating expenses. The following should be noted: i) nearly 80% of the payments are from support agencies (38%) and nationwide agencies (39%); ii) new SuperCADEs will have the highest payment/expenditure ratio; iii) space is currently available in the "CAD" and "Las Américas" SuperCADEs; if occupied by support agencies, the District could recover approximately 2% more of its expenditures (US\$28,000 per year).
- 4.13 It is important to underscore that if the agencies operated separately, aggregate costs would be double because of the wasted economies of scale and scope generated by the SuperCADE system. The following table shows the current situation versus a hypothetical scenario in which all agencies operate outside the system.

¹⁹ Human resources (service representatives, receptionists, information assistants, and coordinator), general services (messenger services, security, cleaning), technical support and communications, public utilities (water, electricity, telephone), insurance, and contingencies. There are no rental or lease payments since all the properties are owned by the municipio.

²⁰ The rates currently being charged at the "CAD" and "Las Américas" SuperCADEs are backed by the commercial appraisals of an expert firm (Bufete Inmobiliario Internacional, S.A. -Colliers International Colombia, January 2004). The study is being contracted for the remaining SuperCADEs.

Table IV-1
Comparative cost analysis
SuperCADEs vs. service delivery outside the system

Agency	Cost of operation-maintenance, annual average (US\$000s)		
	(I) SuperCADE system*	(II) Agencies operating independently	Ratio (I)/(II)
District Central Sector	2,248	4,203	1.87
Control agencies	516	1,105	2.14
Decentralized District Sector	636	2,830	4.45
National agencies	1,098	2,012	1.83
Private agencies	44	280	6.38
Support agencies	631	911	1.44
Special cases	512	1,416	2.77
Others	960	1,858	1.94
Total System	6,643	14,615	2.20

Source: IDB (specialized consulting service), based on information provided by the DDSC.

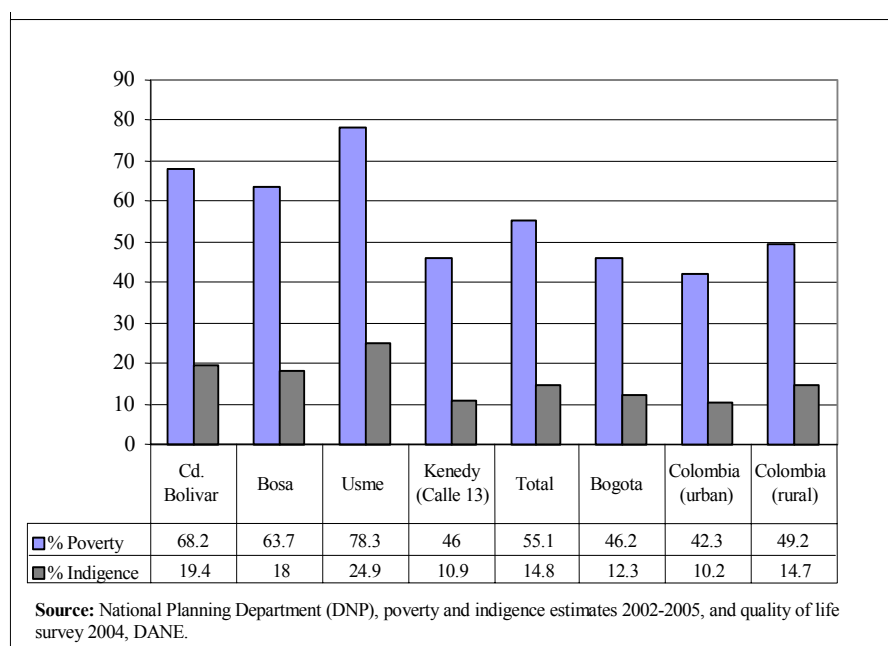
* Takes into account the revenues the Mayor's Office will cease to receive when its properties are turned over to SuperCADEs infrastructure.

- 4.14 In sum, although the system is currently operating at a loss: i) it is more economical than if agencies were operating separately; ii) as to the foregoing, there is considerable margin for increasing payments from non-district agencies; and iii) so long as the CADE network's image continues to be very positive and it continues to be so useful to the inhabitants of Bogota, it is very likely that the budget allocations needed for operating and maintaining the network will continue to be made.

D. PTI/SEQ Classification

- 4.15 This operation qualifies as a poverty-targeted investment (PTI) because of its geographical focus. Indeed, the four sites of the new SuperCADEs are in areas with higher indices of poverty and indigence than the city average and the country average, and the residents of these areas will be the principal beneficiaries of the program (see Figure IV-1). The operation also qualifies as a social equity enhancing project, as described in the indicative targets for Bank activity contained in the report on the Eighth General Increase in Resources (document AB-1704).

Figure IV- 1
Poverty and indigence rates (%)



E. Environmental impact

- 4.16 The District has a system of standards to mitigate the possible negative impact of construction works on the environment. To ensure compliance with applicable standards, bidding documents will include clauses that refer to these environmental protection standards, and to other matters such as sanitation systems, access for the disabled, public open spaces, and others.
- 4.17 The program will have considerable social impact, which will be manifested in the improved well-being of the people of Bogotá, particularly the most disadvantaged sectors, since it is estimated that the vast majority of clients of the new SuperCADEs will be from strata 1, 2 and 3.²¹

F. Benefits and beneficiaries

- 4.18 The principal benefits for system users are improved and expanded access to the centers, better quality, and a wider range of services. It will be easier and more convenient for citizens to access the new service points, and they will save time and resources due to the shorter travel and waiting times. They will have access to more services, and will be able to process more transactions in a single visit. This will be

²¹ According to survey findings, 88% of SuperCADE users belong to these strata.

enhanced by improvements stemming from activities to analyze and upgrade processes, train personnel, and standardize attention at all service points.

- 4.19 Program implementation will also increase the supply of services available through remote channels and simplify access to them. This will have strong benefits for the public (in terms of time and cost) and for the city administration (less people traveling).

G. Expected outcomes

- 4.20 Some of the expected outcomes are: i) a better distribution among the SuperCADEs of the natural increase in demand; ii) greater use of remote channels; iii) substantial improvements in efficiency, reflected in the average waiting time; iv) economic benefits stemming from having more time for other activities and the lower cost of accessing services; v) savings for participating agencies due to economies of scale; and vi) greater user satisfaction.

H. Risks

- 4.21 One risk is that the present administration's term will be over soon, a factor that could result in a loss of political support for completing the operation. However, the program is based on an experience that received broad support and earned strong recognition from society, which led to the decision to give it continuity. It is therefore highly likely that future administrations will continue to keep it in place. Moreover, the obvious benefits of the program and its nonpartisan nature considerably mitigate this risk.
- 4.22 Crossed subsidies exist in the 18 CADEs since not all agencies contribute to their financing. Thus, there is the risk that those that do pay may decide to withdraw or not cover all their expenses. However, the District is reformulating this policy so that all agencies pay in accordance with the square meters they occupy.
- 4.23 As the SuperCADEs are financed by the institutions and the SHD, there is a risk that some will withdraw or that the Finance Office will eliminate its transfers. However, that risk is considered minimal because it is much more economical to have offices in the centers, and the SHD itself is one of the agencies that stands to benefit the most.
- 4.24 The estimates of demand for on-premise services and the political decision of the Mayor to make them available throughout the city, and provide excellence in service on a permanent basis, suggest that having seven SuperCADEs by program end will be sufficient. However, in the longer term, the penetration of remote services in strata 1, 2 and 3 may be greater than expected, leading to an oversupply of facilities. In that case, the design of the constructions—modular and flexible—would allow for them to be modified for other purposes, a further benefit to the public.

IMPROVING THE QUALITY OF PUBLIC SERVICES (CO-L1011)
LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
Goal			
G. To contribute to increasing the satisfaction of the residents of Bogota with the services provided by the Mayor's Office.	By program end and in the two subsequent years:		
	Ga. At least 80% of the users of the CADE network state that there has been an improvement in the services.	Opinion poll of a representative sample of network users. Information will be compiled on: waiting time, service quality, distance traveled to the centers, variety of services, among other things. Final program evaluation.	District policies on the current system for delivering public services are maintained. Budgetary allocations continue to be made for operating and maintaining the network. Public and private agencies remain interested in participating in the CADE network.
Purpose			
P. Improve the quality, variety, coverage, and efficiency of the District's public services system.	By program end and in the two subsequent years: Pa. The average waiting time for service payments at the CADE centers will have been reduced from 35 to 25 minutes.	Official time records of the DDSC. Final program evaluation.	Municipal policies on the current system for delivering public services are maintained. Public and private agencies remain interested in participating in the CADE network.

Narrative summary	Indicators	Means of verification	Assumptions
	<p>Pb. The average waiting time at the SuperCADEs for processing transactions at the service points of the Finance Office, and the Public Registry Office, and Property, will have been reduced by at least 25%. Baseline year 2006: 85 minutes Finance Office, 80 minutes Property, and 75 minutes Registry Office.</p> <p>Pc. The average time it takes users to travel to the SuperCADEs is reduced by 30%. Baseline year 2006: 40 minutes.</p> <p>Pd. The Bogota Portal receives 20% more inquiries. Baseline year 2006: 9000 visits/day.</p> <p>Pf. The average percentage of users who have at some time processed transactions via Internet climbs from the current 17% to 22% once the local virtual centers are fully operational, 30% by program end, and at least this same percentage in the subsequent two years.</p> <p>Pg. There is a 10% increase in the number of services provided at the SuperCADEs. Baseline year 2006: 160 services available.</p> <p>Ph. The number of users of the SuperCADE network has risen by at least 70% by program end, and 100% in the two subsequent years. Baseline year 2005: 2.7 million/year.</p>	<p>Survey of SuperCADE users, similar to the one conducted during program preparation. Final program evaluation.</p> <p>Survey of SuperCADE users, similar to the one conducted during program preparation. Final program evaluation.</p> <p>Official records of visits to the DDSC Web portal. Midterm and final program evaluations.</p> <p>Survey of SuperCADE users, similar to the one conducted during program preparation. Final program evaluation.</p> <p>Official time records of the DDSC. Final program evaluation.</p> <p>Official records of the DDSC. Final program evaluation.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
	Pi. The operating costs of the four new SuperCADEs stay within the original parameters (approximately US\$300,000 annual average).	Official records of the DDSC. Final program evaluation.	
Components			
C1 Expansion and improvement of public services infrastructure	<p>C1.a Ten months after the program has been launched, the studies and designs for constructing the four SuperCADEs and for renovating 10 CADEs have been prepared and approved.</p> <p>C1.b Thirty months after the program has been launched, 10 CADEs have been renovated.</p> <p>C1.c During the course of the program, four SuperCADEs have been constructed: 2 by month 24 of the operation, and 2 by its conclusion.</p>	<p>Semiannual program monitoring reports.</p> <p>Semiannual program monitoring reports. Final program evaluation.</p> <p>Semiannual program monitoring reports. Midterm and final program evaluations.</p>	<p>Political support continues throughout program execution.</p> <p>Local financial support is maintained throughout program execution.</p>
C2 Improvement and diversification of services	<p>C2.a Twenty-four months after the program has been launched, virtual and telephone services have been improved: i) the city has at least 10 virtual service points in different locations and, ii) at least 10 agencies have received assistance for using the content editing tool, and offer services on line.</p> <p>C2.b During the course of the program, at least 3 publicity campaigns have been carried out, promoting the existing services and encouraging the use of different forms of service (on-premise, virtual, and telephone).</p>	<p>Semiannual program monitoring reports. Midterm and final program evaluations.</p> <p>Semiannual program monitoring reports. Midterm and final program evaluations.</p>	<p>Political support continues throughout program execution.</p> <p>Local financial support is maintained throughout program execution.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	C2.c During the course of the program, at least 2 opinion polls have been conducted to determine the public's perception of the services offered by the SDSC.	Semiannual program monitoring reports. Midterm and final program evaluations.	
C3 Improvement of services management	<p>C3.a Thirty months after the program has been launched, the technical document of the Master Plan for the Administrative Offices has been drawn up, covering, among other things, the survey of physical assets and activities, and the improvement of public service points.</p> <p>C3.b Twenty-four months after the program has been launched, 2 new SuperCADEs will have been outfitted with goods, systems, and technological infrastructure; 2 more by the end of the operation.</p> <p>C3.c Thirty months after the program begins, the services management system will have been designed and launched, including ongoing monitoring and evaluation of the services.</p> <p>C3.d During the course of the program, at least 75% of the public servants working at the SDSC contact points will received training.</p>	<p>Technical document of the Master Plan. Semiannual program monitoring reports. Midterm and final program evaluations.</p> <p>Semiannual program monitoring reports. Midterm and final program evaluations.</p> <p>Semiannual program monitoring reports. Midterm and final program evaluations.</p> <p>Semiannual program monitoring reports. Midterm and final program evaluations.</p>	<p>Political support continues throughout program execution.</p> <p>Local financial support is maintained throughout program execution.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/06

Colombia. Loan ___/OC-CO to Bogotá Distrito Capital
Improving the Quality of Public Services Program

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 Bogotá Distrito Capital, as Borrower, and with the Republic of Colombia, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of a program for improving the quality of public services. Such financing will be for an amount of up to US\$10,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

LEGIII/CO-740454-06
CO-L1011