

PACIFIC COAST SUSTAINABLE DEVELOPMENT PROGRAM

Corr.

(CO-0059)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Colombia

EXECUTING AGENCY: National Planning Ministry (DNP)

AMOUNT AND SOURCE:

IDB loan:	US\$40,000,000 (FSO in local currency)
IDB nonreimbursable technical cooperation:	US\$10,000,000 (net income of FSO in local currency)
Local counterpart funding:	US\$21,400,000
Total:	US\$71,400,000

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	30 years
Disbursement period:	5 years
Grace period:	7.5 years
Interest rate:	2% per annum
Inspection and supervision:	1%
Credit fee:	n/a

OBJECTIVES: The goal of the program is to strengthen the institutional capacity of governmental entities, community groups, and private and nongovernmental organizations in Colombia's Pacific coast region, an area of extreme poverty and enormous biodiversity. The investments made under the program should result in more effective and efficient use of the resources in the region, leading to a sustainable improvement in the living conditions and income levels of the region's inhabitants. This operation constitutes the first phase in a long term effort of 15 to 20 years, to be executed in several stages. The program, designed to provide technical and financial support to the government's Pacific coast regional development program (denominated "Plan Pacifico"), which is being financed through various international sources as well as significant national government resources, has three - basic objectives: (a) governance - strengthen local public, private and nongovernmental institutions, encourage civic awareness and cultivate the skills of community organizations facilitating a more active role in local affairs, and provide training in the techniques of land use planning for sustainable utilization and management of renewable-

natural resources; (b) basic services - improve the quality and access to health care, education, sanitation, rural electrification, telecommunications, and transport; and (c) sustainable productive activities - support investigation, assessment and dissemination of information regarding sustainable utilization of renewable natural resources.

DESCRIPTION:

The program takes an integrated approach to dealing with the wide range of problems affecting the Pacific region. It is guided by the following principles: (a) respect for the social, ethnic, and cultural diversity and gender of the local population; (b) modernization of local government and active participation of the civil society; (c) appreciation and knowledge of biodiversity and sustainable use of natural resources; (d) learning from the numerous experiences in the region; and (e) financing projects generated primarily by communities through their municipal governments.

The program's modality is that of phased programming, in which execution is divided into clearly defined annual stages; prior to the end of each period the annual operating plan will be defined for the following phase on the basis of the program's objectives and the annual evaluation.

The program comprises generally small, technically uncomplicated projects, expected to have an average cost of less than US\$100,000, grouped into the following components: (a) health care - public health programs focusing on maternal and infant care as well as control of epidemiological illnesses; institutional strengthening; and improvement in the network of public health services; (b) education - preparation of municipal and regional education plans; assistance in the elaboration of pedagogical programs for each school; establishment of a network of centers of investigation of the Pacific region; rehabilitation, improvements, and expansion of infrastructure; introduction of textbooks and other education materials designed specifically for the region; diversification of secondary education; and improvements of the living conditions of educators; (c) environmental sanitation - institutional strengthening of cooperatives, community organizations and public service providers; sanitary education; construction of potable water and sewerage systems, including in rural, isolated areas; and improvement in the collection and disposal of wastes; (d) insti-

preparation of plans of government; training in strategic management, leadership and sensibility toward gender issues; elaboration of development plans for the municipalities; strengthening of community participation in local planning processes; use of geographically referenced information for territorial zoning and land use plans; and establishment of municipal information systems; (e) territorial zoning and land use management - analysis of available zoning related information and determination and financing of additional geographical information needs; preparation of plans for zoning and land use management; (f) sustainable use of renewable natural resources - investigation, assessment, and dissemination of information regarding sustainable use of renewal natural resources; programs to mitigate environmentally harmful effects of income generating activities; expansion of programs to promote and support the creation of micro and small enterprises focusing on the sustainable use of the region's resources; and (g) transport, telecommunications, and rural electrification - detailed diagnosis of the problems in the different areas and preparation of strategic responses.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of July 13, 1993, classified this as a Category III operation.

BENEFITS:

The program would directly or indirectly benefit a significant percentage of the 900,000 residents of the Pacific coast region. Municipal and departmental governments will receive training to better manage limited resources, to extend basic services, and to take into account the conditions of the natural environment in their decision-making. Community groups will be supported to improve their level and quality of participation in local and regional government. Investments in planning, infrastructure, and training of providers of social services will result in better health, education, and sanitation services. Additionally, well thought out responses to complex issues involving transportation, telecommunications and rural electrification will be prepared and the initial phases of the respective strategies will be implemented. Finally, the availability of information regarding the region's renewable natural resource base will expand and local residents will receive training on more efficient, sustainable use of those resources.

RISKS:

This program is the first phase of a long-term effort to respond to the region's serious institutional, social, economic, and environmental problems. The main risk is related to the weak institutions which will prepare as well as operate certain projects. The risk is managed by the significant efforts that will go into institutional development as well as the creation of a support structure to help local communities and municipalities identify, prepare, execute, and evaluate projects. In the past, most governmental initiatives in the Pacific made minimal efforts to consult the final beneficiaries, resulting in general skepticism of the national government by the local population. The program seeks to overcome this problem through the active participation of the local population in project preparation and operation as well as through regular consultations regarding projects or policies that affect a given community.

Another risk is related to the difficulty of identifying qualified professionals to work in the region, due to the harsh living conditions. The program recognizes this serious issue and, particularly in the health and education components, measures will be adopted to mitigate these conditions in order to attract professionals to the region. In hiring the staff to support the execution of the program, an effort will be made to locate the highest quality candidates through an open competition, managed by departmental committees, which will have a significant level of community participation. To qualify for financing, projects will need to demonstrate their sustainability, including identifying funding sources to cover salaries and other expenses of personnel associated with operation and maintenance.

The newly-created national cofinancing system (SNC), relying on a decentralized structure in which most decisions regarding cofinancing will be made at the departmental level, creates some uncertainty for the program. The national government funds that will pass through the SNC are far greater than those of the program, and the government is dedicating significant resources during the remainder of this year to prepare the personnel at all levels of the system to manage these new responsibilities.

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

The project is consistent with the Bank's mandate under the Seventh and Eighth Replenishments, to give priority to projects which focus on the social sectors, institutional strengthening, and the environment. The Pacific coast is Colombia's most impoverished region, it is inhabited predominantly by

ethnic minorities, and it is also considered one of the areas in the world with the greatest biodiversity. The project is consistent with the overall strategy agreed upon by the Bank and Colombia during the January, 1994, program review mission, during which the government requested the use of the Bank's experience in supporting the preparation of programs which respond to the more complex problems facing the country.

**SPECIAL
CONTRACTUAL
CONDITIONS FOR
THE LOAN:**

Conditions prior to first disbursement:

(a) establishment of a committee within DNP to coordinate different international programs (Natural Resource Management Program of the World Bank, BioPacífico financed by the Global Environmental Facility and the government of Switzerland, and this operation) as well as national initiatives in the Pacific coast region (see paragraph 1.30);

(b) formally establish the program's regional coordinating committee through an agreement to be signed by DNP and the eleven committee members (the governors of Valle, Cauca, Chocó, and Nariño, four mayors representing each of the Pacific coast departments, and representatives of each of the following groups: (i) indigenous population, (ii) black inhabitants, and (iii) nongovernmental organizations active in the region (see paragraph 4.4);

(c) execute a agreement between DNP, the three administrators of the cofinancing funds (FIS, FINDETER, DRI) and the four departments of the region in which they agree to manage the program's resources according to the operating regulations and program management system and that the program's resources are to be treated as supplementary to those allocated to the Pacific region through the SNC (see paragraph 3.11);

(d) the operating regulations and program management system have been approved and put into effect (see paragraph 3.2);

(e) an agreement has been signed with FONADE for financial administration of certain program resources (see paragraph 3.13); and

(f) the national technical secretariat (UTN) has been established under the Director of Subdirector of DNP, with adequate staff, according to the structure agreed upon with the Bank (see paragraph 4.3).

Contractual conditions:

For execution

(a) the agreements between the cofinancing funds and the final beneficiaries will include provisions that provide that the works and equipment financed under the program will be properly maintained in accordance with generally accepted technical standards and the program's accounting and auditing procedures will be followed (see paragraphs 3.15 and 3.16);

(b) with the exception of the program's national coordinator, who will be hired using local counterpart funding, all professional personnel who form part of the support structure will be hired through an open, competitive process based on job descriptions, requirements, and employment conditions previously agreed to with the Bank. The personnel who form the UTN will be selected by the program's national coordinator subsequent to receiving the Bank's "no objection". Final selection of the professional personnel who will work for the departmental program offices and the sub-regional technical units will be carried out by committees in each of the program's four departments. The committees will be comprised of representatives of: (i) the governor of the department, (ii) the program's national coordinator, and (iii) community groups and NGOs active in the department (see paragraph 5.9);

(c) the annual operating plan (AOP) will be presented to the Bank 90 days prior to the start of each calendar year of the program's execution (see paragraph 3.18);

(d) within 90 days after the beginning of year two of the program, the UTN will present to the Bank a list of the indicators to be utilized in the preparation of the ex post evaluation in addition to an estimation of the program's overall goals; the ex post evaluation will be presented to the Bank within two years of the final disbursement (see paragraph 3.22); and

(e) the executing agency will present the feasibility studies and designs for all of the projects and the terms of reference for all of the studies to be undertaken during the program's first year, as indicated in Appendix I to Annex A of the contract, within six months of the date of the contract (see paragraph 3.23).

Reports

(f) within two years of the date of the loan contract, the government will issue a policy statement regarding its medium term plans for the Pacific coast region, which reflects findings from the studies related to land use planning (see paragraph 3.21);

(g) the financial statements for the program will be audited by a public accounting firm acceptable to the Bank or the Controller General of the Republic (see paragraph 3.16);

(h) from the year of the completion of the first of the program's works, until five years after the final disbursement, the executing agency will include in its semestral progress report, or in a separate report, a review of the condition of and maintenance plans for such works and equipment (see paragraph 3.15); and

(i) during the first two years of the program's execution, the executing agency will include in the semestral progress report a special section evaluating the incorporation of gender aspects in the execution of the program (see paragraph 3.20).

**SPECIAL
CONTRACTUAL
CONDITIONS FOR
THE TECHNICAL
COOPERATION
FUNDING:**

The conditions prior to first disbursement include all of the conditions for the loan, along with the following:

(a) an agreement has been signed with FONADE for financial administration of resources of the technical cooperation (see paragraph 1.11 of Annex II-1).

The contractual conditions include those described in paragraphs 3.15, 3.16, 3.21, 3.22, 3.23, and 5.9 of this document, along with the following:

(a) expenditures incurred by the executing agency of up to US\$250,000 on eligible consulting services within 12 months of the date of the resolution may be recognized as expenses chargeable to the proceeds of the technical cooperation, provided that requirements substantially similar to those set forth in the agreement have been fulfilled (see paragraph 1.10 of Annex II-1).

**EXCEPTIONS TO BANK
POLICY:**

Due to the large number of small projects involved and the corresponding number of receipts substantiating expenditures, in order to ensure more efficient program administration, the beneficiary institutions will submit such receipts to the cofinancing funds and FONADE instead of to the Bank to justify each disbursement request. The annual audit of the program will include a review of that documentation (see paragraph 3.17).

Prior to the procurement of goods or initiation of construction, the beneficiary institutions will submit to the cofinancing funds instead of to the Bank the general plans, specifications, and evidence that they hold the pertinent rights to the land and waters on which construction is to take place. The Bank reserves the right to review those documents. This exception is justified by the large number of small works and the problems in delivering information and communicating between the Pacific region and the Bank's Country Office in Bogota (see paragraph 3.14).

With regard to consulting services financed with local counterpart resources, the Bank reserves the right to review and register an objection to the names and background of the consulting firms and individual consultants instead of approving each contract. This procedure is justified by the large number and low cost of the consulting service contracts (see paragraph 3.14).

OTHER EXCEPTIONS:

Funds in local currency from the net income of the FSO would be granted on a nonreimbursable basis to Colombia, which is a Group B country, as an exception to the general rule on the grounds that the technical-cooperation funding for this operation targets low-income socioeconomic groups.

NOTE:

The resources of the Project Preparation Facility (PPF) associated with this program will be disbursed in funds from the Bank's ordinary capital, while the loan and technical cooperation will be funded exclusively in local currency. This will require that the agreement for use of the PPF resources incorporate special procedures for its repayment (see paragraph 3.23).

The proposed loan and technical-cooperation contracts and annexes are available for the reference of the Executive Directors in the form negotiated with the Borrower and the executing agency.

I. BACKGROUND

A. Description

1. The region and its population

- 1.1 The Pacific coast region of Colombia comprises an area of approximately 75,000 km², representing 6.2% of the country's territory. The region covers the westernmost portion of Colombia, stretching 1,300 km from the border with Panama in the north to that with Ecuador in the south. The eastern border is the "cordillera occidental" and around 60 km to the west is the Pacific Ocean. The region occupies the entire department of Chocó and the western sections of the departments of Valle, Cauca, and Nariño.
- 1.2 The population is estimated at 900,000, 2.7% of Colombia's total. It is comprised 90% of Afro-Colombians, descendants of slaves transported from the west coast of Africa by the Spaniards as early as the 16th century to work the gold mines and plantations. The remaining population is 6% mestizo, from the interior of Colombia generally attracted to the region by public sector employment and 4% is of indigenous groups, pertaining principally to the Embera, Waunana, and Catíos. The proportion of the mestizo population is far below the average for Colombia (estimated at 80%), as historically investors from the interior have seldom established residence in the Pacific, preferring to administer their economic interests from the cities of the departments of Valle and Antioquia. The indigenous population resides primarily in 61 "resguardos", located mainly in the department of Chocó, which occupy 16% of the region's territory. These "resguardos" tend to be in isolated, mountainous zones, inaccessible areas to where the indigenous people retreated in response to the advances of the colonizers and black populations.
- 1.3 The Pacific coast's population is predominantly urban, with approximately 70% residing in the central zones of the region's 38 municipalities. The largest population concentrations are in Tumaco (109,000), Quibdó (112,000), and Buenaventura (235,000), the latter being also Colombia's most important port through which around 60% of external trade passes. The remaining population is dispersed generally in small concentrations along the banks of the rivers and estuaries that cross the region. The regional population growth rate is 3.8% per annum, more than twice the national average, most pronounced in the urban centers.

2. Socioeconomic conditions

- 1.4 The Pacific is Colombia's least developed region, with basic human needs unsatisfied for 70% of the population, according to government statistics. The average per capita income is only US\$500 per annum, about one third the national average. Public services are inadequate in all areas, and their design and operation generally

reflect strategies developed for Colombia's significantly different, mountainous interior (see Annex I-1).

a. Public health

- 1.5 The public health situation on the Pacific coast is the most critical in the country, characterized by the prevalence of infectious diseases that go hand-in-hand with poverty, malnutrition, and inadequate environmental personal hygiene. That health profile is accompanied by a demographic picture featuring extremely high birth and general mortality rates. The interpretation of the health indicators points to the poor health status of the region's inhabitants. The infant mortality rate ranges from 36.9 to 177 per thousand live births (as compared with the national average of 32). While maternal mortality at the national level is 20 for each 10,000 live births, for the Pacific municipalities of El Charco and Guapi the figures are 66 and 125, respectively. The principal causes of maternal death include hemorrhage and toxemia of pregnancy. It should be noted that an important volume of data (30% to 40%) is not on record, which suggests that even more serious health conditions may exist.
- 1.6 From the standpoint of mobility, transmissible diseases (gastroenteritis, acute respiratory disorders, and malaria) are the chief problem. The wide prevalence of malaria reflects the lack of effective programs to control that disease, along with an even more serious factor: the high incidence of *plasmodium falciparum* as the etiological agent of the disease (with the consequently higher mortality rates and additional brain and kidney complications). Cholera found its port of entry to the country on the Pacific side, and remains at an endemic level owing to the substandard environmental sanitation conditions.
- 1.7 Typical features of the sector are: (a) low health care coverage (an estimated 60% of the population lack access to services), the result of scant institutional presence and the location of the settlements (along river banks without any means of overland communication), making access to any facilities difficult; and (b) the absence of institutional coordination. The system for the delivery of health care is notorious for such features as: (a) the shortage and inadequate training of human resources; (b) the functional obsolescence of the scant existing facilities; (c) the absence of community participation; and (d) the shortcomings of a "health care model" that is not geared to the prevalent epidemiological picture, the ethnic and cultural diversity of the region, or the varying needs of men and women or those of the community.

b. Education

- 1.8 Despite a substantial number of initiatives designed to expand coverage and improve the quality of education in the Pacific region over the past 10 years, in addition to all the problems that beset the nation's school system the area is also particularly affected

by three factors inherent to the region: (a) the limited relevance of education to the cultures of the Pacific region, on the one hand, and to the necessary inputs for development (which require participation, efficiency, and equity) on the other; (b) the scattered distribution of the population, which makes it very difficult to operate services effectively; and (c) rampant poverty, which means that children - particularly girls of school age - must work, and the concomitant decline in formal education as a means of individual and collective development. Empirical evidence suggests that there are more female dropouts than male, and the causes are believed to be related to the high rate of teenage pregnancies and sociocultural pressures. School attendance at every level in the Pacific region is about two thirds below the national average: in the case of the Chocó Department, only an estimated 25 of every 100 children enrolled in the first grade of primary school will complete fifth grade in 1991.

- 1.9 By the same token, the level of research is very low and the results thereof are not incorporated into the education system. Teachers receive only minimal training, a factor aggravated by the inadequacy, limited nature, and poor quality of the courses offered. Textbooks are still in short supply, especially in rural areas; and their contents continue to portray numerous cultural and gender stereotypes that do not reflect either local reality or the development style required in the Pacific. There is a glaring lack of information systems on which decisions can be based, and the schools are poorly built and run-down. The enormous shortcomings of the educational establishment must be cited as factors which are largely responsible for the region's backward status, which has limited any chances the inhabitants might have to see to their own development.

c. Environmental sanitation

- 1.10 Sanitary conditions could hardly be worse. During the 1991 cholera epidemic in Latin America, more deaths from the disease were recorded in the Pacific region than in any other part of the country. The National Plan for the Prevention, Control and Eradication of Cholera announced by the national government in 1991 identified 45 localities in the country - most of them in the Pacific area - where water supply and sewerage systems were to be built. The plan is now under way. Present coverage of water service in the municipal seats averages 48%; for sewerage systems, it averages 10% in urban areas - figures that are far below the national averages of 82% for water and 50% for sewerage. In rural districts, those rates drop to 12.8% for water supply and only about 2% for sewerage systems (not counting the municipality of Buenaventura). This situation takes a particular toll on women, who bear most of the responsibility for the hauling and use of water. Garbage collection systems are equally scarce, with coverage a mere 10%; and there are no facilities for the disposal of solid waste.

- 1.11 The institutional situation in regard to sanitation services is poor. In the municipal seats, incipient institutional structures are in place. For the most part, they consist of branches of the municipal offices and, in some cases, local administrative boards. In rural districts and zones, institutions performing such services are inadequate, and little assistance is available from the national or departmental authorities.

d. Sustainable use of renewable natural resources

- 1.12 Most productive activities are based on exploitation of natural resources in mining, forestry, and aquaculture. Colombia has extensive legislation concerning resource utilization, but enforcement, particularly in the Pacific region, is weak. Exploitative practices are frequently environmentally damaging, such as the use of mercury and water jets in mining, and non-sustainable, as in the cutting of mangroves for use in construction. Historically, residents of the region have had little involvement in governmental decision-making regarding the extension of permits and concessions for the exploitation of mineral or forestry resources.
- 1.13 Despite the extreme poverty of its inhabitants, the region is responsible for an estimated 60% of the lumber and pulp consumed in Colombia and 45% of production in the fishing sector. Most resources extracted from the region are purchased at extremely low prices and transported to the cities of the interior for industrial processing. Little capital investment is visible in the Pacific, beyond a handful of lumber mills, fish meal and palm oil plants, and commercial establishments in the larger municipalities.
- 1.14 The region's soils, except in limited areas, are generally not suitable for agriculture due to high precipitation and low nutrient levels. Subsistence farming occurs along the banks of certain rivers, and there are areas where plantain, cacao, and coconut plantations have been successful. Limited cattle ranching occurs in the north of the department of Chocó.

e. Transport and telecommunications

- 1.15 Transportation services to, from, and within the region are precarious, costly, slow, and undependable. The most common means is river or ocean transport for both freight and passenger traffic. Fuel prices tend to be more than double the national average, resulting in motorized fluvial transport being beyond the financial means of a large percentage of the area's residents. Limited regular freight transport services exist and for many, this is the only way to receive goods from other regions of the country. Telephone, television, and radio communications are deficient, and in some of the more remote areas almost non-existent, particularly in the department of Chocó.

f. Rural electrification

- 1.16 Regular energy service is available in the major urban centers of the region, though the quality is generally poor. Institutionally weak providers encounter difficulties generating the resources to cover investment needs. In the smaller population centers, energy service, if it exists, is restricted to a few hours per day in the municipality's central section, when adequate funds are collected from users to purchase fuel to run small power plants. When generators require repairs, a community can be without electrical service for weeks.

g. Gender issues

- 1.17 Women in the Pacific coast area play a preponderant role (particularly when they are heads of households). In addition to their reproductive and domestic functions, women are increasingly involved in income-generating and community activities. Such activities are hampered, however, by serious shortcomings of a technical and economic nature and relating to services which impair their efficiency and restrict the women's quality of life. Moreover, the persistence of cultural traditions and stereotypes keep most of the women at a disadvantage and subject to discrimination (economic, educational, and political). The inequity between men and women is more glaring in this region than in the rest of the country.

3. Environmental situation

- 1.18 Colombia's Pacific coast environment is dominated by climatic variables: humidity and temperature. The wet tropical zone posts an average annual rainfall ranging from 2,000 mm to more than 10,000 mm, making it one of the wettest places in the world. Tremendous biodiversity has developed in these tropical rain forests, due to the combined effect of climate and geomorphology, their proximity to the isthmus that links South America to Central America, and other causes for the variety of species. There are also numerous endemic specimens - examples of flora and fauna that have evolved *in situ* and are found only in this region.
- 1.19 About 70% of the area is covered by tropical primary forests, most of them on mineral-rich soils that are poor in nutrients, owing to the natural leaching which leaves them very fragile. These woodlands are irreversibly depleted when logging activities entail selective felling of trees.
- 1.20 The economic activities with the most important impact on the environment are the extraction of lumber and the mining of gold and platinum from alluvial deposits. Both mining and deforestation (over 160,000 ha annually according to conservative estimates) cause soil erosion, loss of the thin organic cover layer and the production of substantial amounts of sediment - frequently containing traces of mercury - which are carried by river currents

and deposited in riverside areas and estuaries where they have an adverse impact on the ecology of those zones.

4. Institutional presence

a. The State and civil society

- 1.21 Numerous types of formal and informal organizations are present. The formal organizations of black and Indian communities appeared only recently. While a number of important strides have been made in regard to land tenure legislation and the right to respect of cultural identity, the capacity for autonomous management and interaction with the other players in the region is still in its infancy. In most instances the municipal councils fail to carry out their duties of oversight and representation. Current municipal government performance of the tasks required for social management, or even the routine functions set forth in their mandates, is poor. Institutional strengthening is hobbled by the frequent changes in staff appointed to the municipal technical services. The presence of nongovernmental organizations (NGOs) is limited, particularly in the black communities. Churches play an important part in calling the authorities' attention to the situation in the region, and in various cases they have helped to supplement public services. Most of the national organizations that are present in the region operate in uncoordinated fashion, with no connection to the local municipal and departmental administrations. They too lack human resources that can work in a manner more consistent with the needs of the region.

b. Governance

- 1.22 The limitations of the productive base, the accumulation of social inequities, and different approaches towards the future of the Pacific coast area are potential sources of serious disequilibria. The lack of organized, effective means of community participation, combined with the ineptness of local political systems, is such that the opinions or complaints of the communities are not taken into account by the parliamentary bodies. Accordingly, the communities are seeking other channels for being heard.

c. Private sector

- 1.23 Private sector presence is concentrated in extractive activities and commerce. Much private sector activity is through the informal economy and frequently involves illegal extraction of natural resources. Only limited efforts have been made to provide training and support for microenterprises.

B. National policies that affect the region

1. National government programs for the Pacific

a. History of governmental initiatives

- 1.24 The national government's interest in the Pacific has been inconsistent and characterized by numerous failures, which have led to a high degree of skepticism among the residents. Many monuments to failed efforts (such as decaying, half completed school rooms and hospitals or cold storage facilities which are only partially operative) litter the Pacific landscape. The most recent program, Plan de Desarrollo Integral de la Costa Pacífica (PLADEICOP), initiated in 1983 and still operating today under the administration of the Corporación Autónoma Regional del Valle del Cauca (CVC) and with the support of the United Nations International Children's Emergency Fund (UNICEF) and certain bilateral donors, did not always secure the support of the local population, furthering the criticism that efforts to resolve the region's woes are designed outside of the Pacific. PLADEICOP and other initiatives' limited successes are also attributable to inadequate training of local personnel, lack of institutional support during project execution, and lack of appreciation of the unique cultural, economic and environmental characteristics of the region. PLADEICOP, with a total budget of US\$57 million during the past 10 years (60% being external resources) has focused on preinvestment in infrastructural projects such as ports, roads, fluvial transport, and the revitalization of the railroad, and to a lesser extent to providing basic social services.
- 1.25 From 1988 through 1992, the municipalities directly administered roughly US\$65 million in transfers from the central government and their own resources. Most of these funds have been used to defray operating costs. Scant ability to present and execute investment projects or to provide counterpart funding and thus negotiate cofinancing resources has been displayed.
- 1.26 The National Rehabilitation Program (PNR) started work in the Department of Chocó in 1985, by sponsoring community participation projects and investments in the areas of health care and small-scale production projects. Since 1992 the Institutional Development Program (PDI) has financed a number of projects in certain municipalities in the Pacific region.

b. Pacific Plan - the government's new approach to the Pacific region

- 1.27 In March 1992, the Colombian government proposed a new development strategy for the Pacific coast. Entitled the "Pacific Plan" and outlined in part in a document approved by the Economic and Social Policy Council (CONPES), the plan calls for a sustainable development strategy focusing on three main objectives to ensure development of the region: (a) governance; (b) an improvement in the

indicator of the inhabitants' quality of life through improved access to and supplies of basic services; and (c) the protection and management of natural resources, using sustainability criteria.

- 1.28 This new approach to the Pacific region - which starts by assessing and frankly recognizing the institutional shortcomings, as well as the communities' aspirations and priorities and their relationships with the environment - has a better chance of succeeding than previous initiatives. The Pacific Plan is also consistent with the strategy of decentralization and full participation of local governments and civil society in decisions affecting their welfare and their economic and social development.
- 1.29 The Bank was asked to help devise a development program for the Pacific region, and has played an important part in managing the ideas embodied in the Pacific Plan. The plan can be defined as a new initiative for development of the region, one that assigns leading roles to the municipal and departmental agencies, organized communities, and civil society in the region, encouraging them to join the national government's effort to foster economic and social development based on participatory input, sustainability, and equity.
- 1.30 Three initiatives played an essential guiding role in the conception and startup of the Pacific Plan: (a) the BioPacific project financed with resources from the Global Environmental Facility (GEF) and the Swiss government, with a US\$9-million budget, the main purpose of which is to examine the biodiversity of the region and devise ways to protect it; (b) the Natural Resources Management Program financed by the World Bank, designed to develop a forestry policy for managing and defining the boundaries of national parks, identify and title land owned collectively by indigenous associations and black communities, provide institutional strengthening for autonomous regional corporations, manage watersheds, and study and monitor natural resource use; and (c) the proposed program which would be financed by the Bank. A committee would be set up in the National Planning Department (DNP) to coordinate all international and national initiatives in the Pacific region. ^{1/}

2. National policies that affect the Pacific region

a. Economic liberalization

- 1.31 During the past three years, Colombia has shed many of its inward looking economic policies and has aggressively implemented free market reforms and lowered trade barriers. Imports nearly doubled between 1991 and 1993. As Colombia searched beyond its borders for future economic growth, it identified the Pacific rim, the region of the world with the highest rate of economic expansion, as an

^{1/} As a condition precedent to the first disbursement.

area of potential opportunity. In March, 1994, Colombia officially became a member of the Pacific Economic Cooperation Conference (PECC).

- 1.32 As the interest of the Colombian government and industrialists has shifted to the Pacific rim, more attention has been given to the condition of the Pacific region. The private sector has expressed concern about the weak infrastructure and excessive dependence on the port of Buenaventura and the one road that leads to that center of international commerce. Discussion of large scale infrastructure projects focuses on a second major port at Tribugá and additional roads, including the completion of the Pan-American highway through northern Chocó as well as the improvement of roads to the Pacific from the industrial cities of Medellín and Pereira.

b. Administrative and fiscal decentralization

- 1.33 Since the latter part of the eighties and particularly as a result of the adoption of a new Constitution in 1991, Colombia has experienced a transfer of responsibility for extension of public services, political power, and financial resources from the national to the departmental and municipal governments. Law 60 of 1993, increases the percentage of transfers of national government revenues to the municipalities from 14% of total revenues in 1994 to 22% in 2002. By 1998, 90% of national government transfers will be for specific purposes (primarily education and health care). Most municipalities in the Pacific region currently depend upon national government transfers to cover salaries and other recurrent expenses. By 1998, municipalities will need to increase revenues from other sources (such as property and industry and commerce taxes) in order to cover operating expenses.

c. Constitution of 1991/Law 70 -- land rights for Afro-Colombian communities

- 1.34 The Constitution adopted in 1991 required the Congress to enact a special law recognizing: (a) the right of black communities to occupy untitled land in the riverside rural areas of the Pacific region; (b) the right to collective ownership of such land; and (c) the establishment of mechanisms to protect the cultural identity and the rights of those communities as ethnic groups and promotion of their economic and social development.
- 1.35 That statute, enacted and known as Law 70 of 1993, is based on the principles of: recognition and protection of the ethnic and cultural diversity of these citizens in terms of the cultural unity of the black communities; the participation of such communities in decisions affecting them; and environmental protection. It spells out how community representatives may participate in the design, execution, and coordination of plans, programs, and projects carried out by the government and international technical cooperation targeting those communities in order to reflect their aspirations, and it establishes the obligation of public agencies

to join the community in conducting activities for research, training, promotion and extension work, and the transfer of appropriate technologies for ecologically and economically sustainable utilization of natural resources.

d. Ministry of the Environment

- 1.36 In December 1993, Congress issued Law 99 creating the Ministry of the Environment (MIN) and reorganizing the public sector in charge of the management and protection of the environment and renewable natural resources. The law amended, among other factors, the legal system governing the autonomous regional corporations, which will henceforth be responsible for managing - within the area under the jurisdiction of each - matters involving the environment and renewable resources, and for seeking sustainable development thereof, including responsibility for granting concessions, permits, and licenses for the use of renewable natural resources or for activities affecting the environment. In the case of the Autonomous Regional Corporation for Sustainable Development of the Chocó Department (CODECHOCO), the MIN will continue to play an important role, which includes the prior examination of permits and forestry concessions under consideration by CODECHOCO.

C. Activities of international institutions in the Pacific region

- 1.37 The Bank's experience in the Pacific is limited to operations executed by the CVC in the late seventies and early eighties focusing on urban development in Tumaco (635/SF) and Buenaventura (520/SF) as well as the extension of emergency resources after the earthquake and tidal wave that affected the Pacific coast of Cauca and Nariño in 1979. The Integrated Rural Development program (DRI), partially financed with loan 608/OC-CO, recently incorporated the Pacific region in its area of action, directing limited funds to the area this year. The institutional strengthening loan (887/SF-CO) to the Financiera de Desarrollo Territorial S.A. (FINDETER), which includes programs to improve municipalities abilities to access FINDETER credit resources, is available to the region's municipalities. Certain of the components of the Program to Support Health Reform (CO-0088), particularly related to the development of health care personnel, should benefit Pacific coast communities.
- 1.38 In late 1993, the World Bank approved the NRMP, focusing on the Pacific (see paragraph 1.30). Bilateral assistance has been extended by the Netherlands, Japan, Canada, Germany, and the European Community (EC) in social sector development as well as in investigation and training in productive activities. The EC intends to extend US\$8 million in the period 1994-1996 to support development and training in small-scale productive activities. The

Pacific is a priority region for UNICEF's activities in Colombia, in areas such as the construction of rural potable water systems, as well as the focus of numerous nongovernmental organizations, national and international, which deal with the extension of basic social services and environmental issues.

II. THE PROGRAM

A. Objectives

- 2.1 The program is conceived to provide technical and financial support within the strategy of the Pacific Plan instituted by the Government of Colombia. The starting point for the concept is based on the following idea: while it is essential to increase the flow of resources to the region, the thrust of the Bank's contribution must be to help heighten the effectiveness and efficiency with which such resources must be used. The program's input is thus concentrated on strengthening the managerial skills of the region's municipal and departmental governments, local community organizations, and NGOs; on providing the essential basic services; and on managing renewable natural resources, according to the criterion of sustainability.
- 2.2 The first objective is to develop the capacity to govern and manage land use. The goal will be to enhance the leadership and negotiation faculties of community organizations and the technical, political and administrative agencies, at the same time strengthening the departmental and municipal capacity for land use management and planning of the use of space and resources. The program seeks to boost the municipalities' technical ability to collect the fiscal revenue assigned to them by law and to stimulate active interaction between the communities and municipalities and private sector groups - an essential step toward bringing about substantial changes in behavior patterns. Coordination between institutions also needs to be strengthened considerably.
- 2.3 A second aim is to improve the quality of and access to basic services in health care, education, sanitation, rural electrification, transportation, and telecommunications. Activities in the first two years will focus on the areas of health care, education and basic sanitation. Additional studies will be conducted on the other areas to map out precise sector strategies.
- 2.4 The third objective is to support the development of sustainable production alternatives. Assistance will be provided for studies on the resource base, along with other regional programs such as the validation and dissemination of proven technologies for the sustainable use thereof. Studies will be conducted on resource management, and viable regulatory frameworks will be designed to eliminate or instigate the adverse impact of extractive or productive processes for agroindustrial purposes (lumbering species, hearts of palm, mining, palm oil, shrimp, and crayfish) and of large-scale productive processes (port operation, industrial establishments, shipping and transportation services, and the tourism industry).
- 2.5 The program will be guided by the following principles: (a) it will take into account and respect the diversity of the participating population in social, ethnic, and cultural matters and in

regard to gender (understood to mean recognition of the different contributions and needs of men and women); (b) it will promote modernization of local governments and good relations with civil society; (c) it will ensure the protection of biodiversity and sustainable management of natural resources; (d) it will strengthen sustainable activities currently in progress and take advantage of the experience already acquired; and (e) it will finance projects mainly on the basis of demand, except in the case of zoning and land management components, institutional development, and sustainable utilization of renewable natural resources, the demand for which will come from the program coordination unit.

- 2.6 When the regional shortcomings described above are taken into account, it is easy to see that full-fledged attainment of the proposed objectives can be achieved only in the long term, by dint of continuous and concerted effort. The program is therefore conceived as a first stage in a target period of 15 to 20 years. The goals that can be reached in that initial phase will thus simply represent progress towards solutions to the problems described. The close relationship between the limitations and difficulties imposed by the physical medium and the unmet needs and justified demands of the inhabitants, like the problems of governance, call for a comprehensive approach.
- 2.7 As a result, the proposed procedure necessarily consists of a series of steps - of "learning by doing" - towards progression from organization for planning and delivery of the most basic and urgent services (such as water supply, education and basic health care) to achievement of more complex forms of association and consensus building for sustainable use of the region's considerable supply of natural resources.

B. Description of the activities to be financed

1. Health care

- 2.8 The objectives of the health care component are: (a) to improve health care conditions for the people in the region, with special attention to women and children; (b) to strengthen the institutional operating capacity, with emphasis on human resource development; and (c) to enhance quality and expand coverage of basic health care services to provide easier access for the "riverside," rural and urban marginal population groups.
- 2.9 The health care component will consist of three subcomponents: (a) public health promotional and preventive programs, also in three parts: (i) maternal health, to improve care for women of childbearing age, including: reproductive health (sex education, family planning, and paternal responsibility); prenatal, delivery, and postnatal monitoring; and nutritional improvement (dietary education and food supplement); (ii) child health, including: growth and development; immunization; improved nutrition (education about food and control of nutritional deficiencies); and

(iii) disease control to intensify epidemiological surveillance of: diarrheal disorders, acute respiratory diseases, malaria and other diseases; (b) institutional strengthening, which subcomponent includes activities designed to formulate a regional health plan and 38 municipal health plans, and to strengthen the managerial capacity of the health care systems, with special attention to the staff training; and (c) service network improvement, which subcomponent includes construction, rehabilitation, and the outfitting of basic facilities (preferably primary care posts), and the acquisition of boats for waterborne health care services. The component will also finance initiatives to improve living conditions for health care workers.

2. Education

- 2.10 The program resources will be used to remedy the lack of relevance to the cultural, economic, and social environment, the inequity of access, and the technical and administrative shortcomings. The component will be designed to spur institutional development of education, both in the administration of municipal services and in the educational facilities. Technical assistance will be provided to upgrade the quality of education. The specific objectives of the component are: (a) to improve the quality of basic and intermediate education; (b) to heighten internal efficiency; (c) to appraise the teaching skills and academic profile of the educators; and (d) to organize the education sector and develop it institutionally.
- 2.11 The specific activities will include: (a) the preparation of municipal and regional education plans; (b) technical assistance for the design of educational projects at each school; (c) the establishment and startup of a network of centers for research on the Pacific area; (d) rehabilitation, improvement, and expansion of infrastructure and equipment (new construction where it is urgently needed, or when insurmountable factors necessitate a move from the premises currently occupied); (e) the introduction of textbooks and teaching materials especially geared to the Pacific area that address the ethnic and cultural diversity and eliminate gender stereotypes; (f) projects for the diversification of intermediate education; and (g) the improvement of living conditions for teachers.

3. Environmental sanitation

- 2.12 The objectives of the sanitation component include: (a) an increase in the coverage of sewerage, water supply, and garbage collection services; (b) improvement in the quality of the water supplied; (c) treatment of wastewater before it reaches the recipient bodies; (d) the establishment and strengthening of local utilities for proper administration, operation, and maintenance of the services; and (e) the creation of regional units to monitor services and provide technical and institutional assistance. To implement the strategy, each locality will seek to recover the cost

of operating and maintaining the services and to apply appropriate, and low-cost technologies that take into account the amounts of local financing available and the sociocultural features of the region.

- 2.13 The activities to be financed include: (a) institutional strengthening of the administrative boards or cooperatives and public utilities; (b) education on sanitation; (c) construction of water supply and sewerage systems, taking care to include the remote localities; and (d) improvements in the collection and disposal of garbage.

4. Institutional development

- 2.14 Plans call for boosting the management capability of public and private institutions (in particular that of community organizations, municipal councils, municipal governments, and private companies). This component will finance studies, training, and advisory services plus certain outlays for materials and equipment. Special attention will be given to training of female human resources. The items featured will be: (a) advisory services for drawing up the government programs for mayoral candidates; (b) training in management strategy for mayors, government secretaries, council members, heads of community organizations, and local entrepreneurs; (c) preparation of municipal plans for sustainable development; (d) supervision of plans and projects designed for council municipal members and community organizations; (e) installation of municipal information systems; and (f) use of geographically referenced data in municipal management and activities. Conditions will be improved for dialogue between various social players and improved operation of local participatory democracy. Following a consciousness-raising and training plan, the component will incorporate the perspective of gender at the conceptual and operating level in the institutions involved in program execution. Specialized institutional development of a technical and sector nature (health care, education, and sanitation) will be included in each respective component.

5. Zoning and land use

- 2.15 The problems of access by road and the virtually permanent presence of heavy cloud cover which make it difficult to use the traditional methods involving remote sensors have limited studies on the nature and spatial distribution of resources and conditions for land use on the Pacific coast.
- 2.16 Application of recently developed technology and joint action with the BioPacific and NRMP programs will make it possible to establish a suitable basis for surveying the natural conditions of the region and a study on the way the various social and economic sectors are organized throughout the region. These data will be used to set up a land management system in which the local governments and communities would participate.

- 2.17 The activities and investments in the program's zoning and land management components are designed to: (a) analyze the information available; (b) secure any further data needed; (c) draw up land management proposals; and (d) prepare instruments for organization of the area in question.
- 2.18 The program's land use strategy features a two-pronged approach: (a) as a planning tool, to direct the use of land in harmony with the environment and pursuant to the program objectives; and (b) as input for discussions on adjustments in political and administrative organization. The fruit of this component will be: (a) a geographically referenced information system to which the departments and municipalities will have access; (b) specific zoning and land use proposals that will incorporate the information on the physical medium into the material on demographic, political, and social matters; and (c) criteria for the use of land and natural resources.

6. Sustainable use of renewable natural resources

- 2.19 The initial focus of this component will be on assessment of the resource base in order to expand the availability of information regarding utilization of renewable natural resources, complementing ongoing work. Areas already identified are management of coastal resources and estuarine environments. Another proposed study to be undertaken during the program's first year will develop a strategy for programs to mitigate the harmful environmental effects of important income generating activities such as mining and logging, as well as how to expand programs which promote and support the creation of micro and small enterprises, particularly in activities in which women are or may be involved.
- 2.20 Once the strategy for sustainable use of natural resources has been worked out, the program will finance: (a) feasibility studies on sustainable use of the resources selected which have a proven technological base; (b) studies to identify the institutions and groups interested in taking part in the process and to identify the type of support they need; and (c) support for enterprises and community associations to implement the respective projects.

7. Transport, telecommunications and rural electrification

- 2.21 These components require additional study to better understand the issues as well as to formulate strategic responses which would be financed with program resources. In the cases of transport, telecommunications, and rural electrification, energy, terms of reference have been prepared and the first phase of each of the studies will be financed with grant resources of the Japan Special Fund (JSF) and the Project Preparation Facility (PPF) during 1994. The remaining cost of the studies will be covered with program funds. In all cases, the consultants will be instructed to focus on non-traditional, less costly, environmentally sustainable ways of providing the services demanded by the Pacific coast communities.

8. Operation of the program coordination unit

- 2.22 A decentralized organizational structure will be set up in the four departments and subregional seats to facilitate access to program services and program coordination. The program features a management system that will to ensure the quality of the ex ante evaluation of projects to be financed, to monitor their progress and to learn from the experience drawn from their evaluation. Program resources will be used to defray the operating expenses of the national technical unit (UTN) in Bogota, the departmental managers' offices and the subregional technical units (UTSs), for which the salaries of professional and administrative personnel, consultants' fees, cost of office equipment, transportation, and local meetings and seminars will be covered.

C. Dimension, cost, and financing

- 2.23 In determining the program size, the large volume of unsatisfied needs in the region is balanced by the low level of institutional capacity. As a result of support of the program from highly qualified personnel forming the program coordination structure and an aggressive initiative in the area of institutional development of the municipalities, nongovernmental organizations, private sector and community groups, the region's ability to identify, prepare, and execute projects is expected to improve notably. This effort will be initiated during the second semester of 1994, funded partially through US\$1,000,000 of the PPF and a US\$532,000 grant extended by the JSF. Efforts undertaken during 1993 by the Escuela Superior de Administración Pública (ESAP) with the 38 municipalities produced an inventory of over 1,500 investment proposals primarily in the areas of sanitation, health, education, urban infrastructure, and sustainable use of renewable natural resources. As these proposals passed through the filters of the National Investment Project Bank (BPIN) and the program's operating regulations, less than 20 projects remained. The projects to be financed in the program's first year are generally small, with only one exceeding US\$500,000, and are concentrated in health, education, sanitation and institutional development. The program's budget for its first year totals US\$8.5 million.
- 2.24 The program would be executed in annual stages, following the phased programming model described in the paragraph 3.1. The program seeks to be flexible with regard to projects, components and amounts and includes the ability to incorporate, modify, or eliminate project components during execution.
- 2.25 The program will be funded partially with a US\$40 million local currency loan from the Fund for Special Operations (FSO) and a US\$10 million nonreimbursable local currency technical cooperation from the net income of the FSO. (See Annex II-1 for the plan of operations of the technical cooperation.) In Colombia and elsewhere, the Bank has normally restricted the use of nonreimbursable FSO funds to finance small projects and technical

cooperation, which are generally reimbursable in category "A" and "B" countries. The extension of the resources on a nonreimbursable basis is permitted when the technical cooperation benefits predominantly low-income groups, as in this operation. Table II-I below lists the funding sources of the program's respective components.

Table II-1 ESTIMATED TOTAL COST BY COMPONENT AND SOURCE OF FINANCING (in thousands of US\$)					
COMPONENT	IDB LOAN	IDB TECHNICAL COOPERATION	LOCAL	TOTAL	% OF TOTAL
Administration	-	5,000	3,000	8,000	11.2
Components	32,370	3,630	13,620	51,620	72.3
Health	6,250	-	4,500	10,750	15.1
Education	7,000	-	2,700	9,700	13.6
Environmental sanitation	8,560	-	5,440	14,000	19.6
Institutional development	1,540	3,630	500	5,670	7.9
Zoning and land management	3,000	-	-	3,000	4.2
Sustainable use nat. resources	2,500	-	1,300	3,800	5.3
Transportation/telecommun,	1,020	-	380	1,400	2.0
Rural electrification	2,500	-	800	3,300	4.6
Unassigned	3,480	1,370	2,780	8,630	13.5
Contingencies	3,507	877	1,746	6,130	8.6
Price escalation	1,973	493	1,034	3,500	4.9
Financial charges	2,150	-	-	2,150	3.0
Interest	1,750	-	-	1,750	2.5
Inspection and supervision	400	-	-	400	0.6
Total	40,000	10,000	21,400	71,400	100.0
Percentage	56.0%	14.0%	30.0%	100.0%	

2.26 The terms and conditions of the loan and technical cooperation are set out in the following table:

Table II-2 TERMS AND CONDITIONS		
	LOAN	TECHNICAL COOPERATION
Interest rate	2% per annum	n/a
Credit fee	n/a	n/a
Inspection and supervision	1%	n/a
Disbursement period	5 years	5 years
Grace period	7½ years	n/a
Amortization period (including grace period)	30 years	n/a

III. EXECUTION OF THE PROGRAM

A. Program cycle

- 3.1 The program will be organized according to the phased programming model (PP), which breaks it down into annual phases based on annual operating plans (AOP) containing a description of the investments to be executed by sector together with their goals. The government and the Bank will evaluate the program execution, based on semi-annual reports. Progress will be assessed in the following: attainment of the program objectives; operation of the coordination unit; the volume and quality of work completed on the projects; application of the operating relations (OR); functioning of the management system (MS); any adjustments made; and all government measures; and public and private outlays in the region. Phased programming allows necessary flexibility to adjust the program execution mechanisms while respecting its objectives. Such flexibility also makes it possible to place greater emphasis on the quality of program execution in a complex setup in which the use of traditional models led to the situation described in chapter I.
- 3.2 The directional thrust of the program will be ensured by three instruments that will regulate the use of the resources and guide demand: a set of OR; an MS; and ongoing advisory services in the field. The OR and the MS will be approved and put in operation prior to the first disbursement.^{3/} The OR summarize the conceptualization of the program and set forth the conditions for access thereto and the general criteria for eligibility (including the list of the 38 municipalities in the Pacific Plan, the ceiling of US\$500,000 per project, the minimum counterpart contribution of 10% of the total amount required, the emphasis on the use of human resources from or with experience in the area, the necessary community participation, and the preference for projects that include mechanisms or activities specifically targeting or benefiting women). The OR also include specific criteria according to the type of project. For example, in health care, preference will be given to primary care projects; in sanitation, projects for the construction or improvement of water supply systems must ensure that provision has been made for wastewater management. The OR detail the conditions for suspension of disbursements by the DNP to the executing agencies. See Annex III-1.
- 3.3 The MS is conceived as a supporting system to accelerate the learning process during startup of the program. It describes all the steps in the overall project cycle and the individual project cycle. It is designed to be a monitoring system in which responsibility lies mainly at the level of the executing agencies themselves and the beneficiaries. Its approach is comprehensive in

^{3/} See the conditions precedent to the first disbursement.

order both to maintain consistency in the collection of data throughout the project cycle and to incorporate environmental, technical, sociocultural, financial, economic, institutional, and legal factors into project evaluation. It specifically assigns responsibilities for quality control at each stage of the cycle, and indicates the frequency and content of the evaluation reports that are to be generated by the UTN. See Annex III-2.

B. Project cycle

- 3.4 The zoning and land management component, as well as the initial phase of the component for sustainable use of the natural resources, will be executed and financed on the initiative of the UTN. A work plan indicating the goals, agencies responsible for execution, costs, and results must nevertheless be presented every year.
- 3.5 The cycle for institutional development projects will include: (a) an indication of whether the project is the result of the UTN's initiative or in response to demand; (b) verification by a specialized institution that the project meets the criteria of technical quality; (c) ascertainment by the UTN that the project pursues the program objectives and meets the eligibility criteria; (d) contracting for project execution; (e) evaluation of the results by the beneficiaries; and (f) UTN authorization for the corresponding payments.
- 3.6 Projects in health care, education, and basic sanitation that fall within the purview of the National Cofinancing System (SNC) will follow the cycle established by that authority. See chapter IV and the OR and MS documents.
- 3.7 The project cycle for the other sectors (rural electrification, transportation, and telecommunications) will be defined in the strategy documents that will be drawn up during the first year of operations.

TABLE III-1
Functions and responsibilities of the different actors during the project cycle

	IDENTIFICATION, FORMULATION, EX ANTE EVALUATION	PROGRESS EVALUATION	EX POST EVALUATION
	<ul style="list-style-type: none"> - Identifies needs and prioritizes project ideas 	<ul style="list-style-type: none"> - Sets up community supervision to monitor the projects 	<ul style="list-style-type: none"> - Signs the official document showing delivery of the construction or service - Helps the municipalities to maintain and operate the projects
	<ul style="list-style-type: none"> - Formulates projects within the framework of its strategy or development plan 	<ul style="list-style-type: none"> - Signs the cofinancing agreements with the trust - Signs contracts with the construction and service executing agency - Is responsible for supervision and inventory of the projects cofinanced 	<ul style="list-style-type: none"> - Receives and signs the document of delivery of the construction or service - Carries out the cofinancing agreements signed with the trust agent - Is responsible for project maintenance - Performs the project ex post evaluation
	<ul style="list-style-type: none"> - Promotes the program - Helps the municipalities identify and formulate projects - Reviews the municipal projects 	<ul style="list-style-type: none"> - Assists the RA in periodic monitoring of the projects - Assists the beneficiaries in monitoring project execution 	<ul style="list-style-type: none"> - Assists the RA and beneficiaries in maintaining and operating the projects
	<ul style="list-style-type: none"> - Promotes the program - Conducts the preliminary evaluation of the projects and helps to formulate them: to that end, includes the contracting of preinvestment studies . - Compiles the regional AOP and presents the proposed budget (broken down by program and subprogram) to the DNP with the respective BPIN cards - Proposes quotas for each department and fund. 	<ul style="list-style-type: none"> - Conducts institutional coordination for project execution - Arranges for mobilization of resources for project execution 	<ul style="list-style-type: none"> - Manages and controls the Plan's Project Bank - Assists in monitoring and evaluation of projects executed by the UDECO - Performs the monitoring and evaluation of the execution and results of the projects quarterly and at the end of the year
	<ul style="list-style-type: none"> - Registers the projects and issues statement of viability - Enters viable projects in the Departmental Project Bank - Presents the list of projects to the CDC 	<ul style="list-style-type: none"> - Conducts the monitoring and evaluation of all cofinanced projects - Authorizes the trust to suspend disbursements for projects that have failed to comply with the contractual terms 	<ul style="list-style-type: none"> - Examines the results of project evaluation by sampling - Manages the departmental project information system
	<ul style="list-style-type: none"> - Prioritizes and assigns resources to the projects 	<ul style="list-style-type: none"> - Receives information from the UDECO on project execution in order to determine any possible changes in the departmental AOP 	
	<ul style="list-style-type: none"> - Recommends the regional AOP 		<ul style="list-style-type: none"> - Approves the evaluation reports
	<ul style="list-style-type: none"> - Approves and assigns resources to the projects 	<ul style="list-style-type: none"> - Signs contracts with the trustees for management of the resources - Supervises the projects, based on sampling 	
	<ul style="list-style-type: none"> - Plans the program in general - Draws up the global AOP - Approves indicative quotas by department and by fund - Administers the IDB loan - Ensures operation of the Management System 	<ul style="list-style-type: none"> - Carries out the projects in the institutional component and preinvestment studies for projects of a regional nature, using consulting services to do so 	<ul style="list-style-type: none"> - Performs an annual evaluation of program's operational and institutional status

C. Transfer of program resources

- 3.8 The program's resources will be channeled to the executing entities through the SNC or by the DNP or the Fondo Financiero de Proyectos de Desarrollo (Financing Fund for Development Projects] (FONADE) following the technical guidelines or under the direct supervision of the UTN.

1. Resources transferred through the SNC

- 3.9 The program's resources in the education, health, and sanitation components will reach the beneficiaries through the SNC, established through decrees 2132 (which created the national cofinancing system) and 2133 (which consolidated the existing cofinancing funds). The objective of the system is to extend technical assistance and nonreimbursable financial resources to municipal and departmental entities (departments and municipalities) to assist them in complying with social investment obligations resulting from the 1991 constitution, and to provide an incentive for the investment of local resources in priority areas of the national government. Budgetary regulations provide that all national support for local and regional projects and programs, except for royalties related to the exploitation of natural resources, must pass through the SNC. The operation of the funds is based on the following principles: (a) complementary (all projects require local participation, which could include financial resources, labor and/or materials); (b) local execution (municipal and departmental governments are responsible for the execution of the projects); and (c) community participation (the SNC strives to strengthen community participation in the prioritization and definition of local government investments).
- 3.10 A proliferation of funds that previously existed was consolidated into four funds in 1993, administered by the following three entities: Fondo de Inversión Social (FIS), DRI, and FINDETER. These funds are responsible for carrying out the cofinancing policy. Their boards of directors include representatives of the ministries for the sectors in which each fund operates. The funds will be responsible for seeing that the entire project cycle (ex ante evaluation, progress reports, and ex post evaluation) is duly executed. An interfund committee has also been created to ensure the necessary coordination.
- 3.11 The three administrators of the cofinancing funds that will manage a considerable portion of program resources will sign agreements with four departments in the program and the DNP in which it will be stated that the program's resources are additional to those normally allocated to the Pacific region through the SNC, and their utilization shall be in accordance with the MS and OR. ^{4/}

^{4/} See conditions prior to first disbursement.

- 3.12 All DRI and FIS resources will be disbursed to the executing entities (EA) through a fiduciary. FINDETER can directly manage funds placed under its administration. Based on programmed disbursements for each of the projects being financed, the funds will request the Ministerio de Hacienda y Crédito Público (MHCP) to process transfers monthly to the respective fiduciaries, in the case of the DRI and FIS, to be disbursed to the EA. The funds will enter into contracts with the EA regarding terms for the use of the program's resources. The funds will be responsible for the hiring of an auditor to oversee project execution in association with community organizations to confirm that conditions have been met and disbursements should proceed according to the agreement.

2. Resources administered by FONADE

- 3.13 Resources related to municipal and departmental zoning, institutional development, certain investments in productive activities as well as financing of the structure to support the program's execution will be administered by FONADE, which will be responsible for procurement, hiring of consultants, and contract supervision. The Bank is working with FONADE in its role as executing agency of the PPF as well as the entity with responsibility for hiring consultants and supervision of certain contracts in the Environmental Program (loans 910/SF and 774/OC-CO). FONADE will charge a commission of 0.75% per annum for the program resources it administers. The DNP and FONADE will enter into an agreement for the financial administration of certain program resources. 5/

D. Procurement, works, and the hiring of consultants

- 3.14 Prior to the procurement of goods or initiation of construction, the beneficiary institutions will submit to the cofinancing funds instead of to the Bank the general plans, specifications, and other documents, and - in the case of works - evidence that they are in legal possession of the land and waters on which construction is to take place or hold pertinent rights thereto. The Bank reserves the right to review those documents. This exception to Bank policy is justified by the large number of small works, their low cost, and the problems in delivering information and communicating between the Pacific region and the Bank's Country Office in Bogota. In all other respects, the contracts with individual consultants and consulting firms and procurement operations financed with program resources will adhere to standard Bank procedures to be annexed to the loan contract. In the case of consulting services financed with local counterpart resources, the Bank reserves the right to review and register an objection to the names and background of the consulting firms and individual consultants selected instead of approving each contract. This procedure is recommended due to the large number and low cost of the consulting service contracts needed for the program. 6/

5/ See conditions prior to first disbursement.

6/ See exceptions to Bank policy in the Executive Summary.

E. Maintenance of works and equipment

- 3.15 The executing agency will be required to undertake that the agreements concluded between the cofinancing funds and soliciting entities require the latter to pledge that the works and equipment financed under the program will be properly maintained in accordance with generally accepted technical standards. 7/ From the year of the completion of the first of the program works until five years after the last disbursement of the loan, the executing agency will include with its semestral progress report, or in a separate report, a review of the maintenance of such works and equipment. 8/

F. Accounting and auditing

- 3.16 The UTN will establish and maintain a consolidated financial accounting information system which will receive documentation generated by the three cofinancing funds, the departmental managers, and the UTS (whose functions are detailed in chapter IV). The financial statements for the program will be audited by a public accounting firm acceptable to the Bank or by the controller general of the Republic. 9/ Cofinancing contracts will contain a provision to the effect that the beneficiaries accept and agree to use the accounting and auditing procedures of the program. 10/
- 3.17 In view of the large number and small amount of the receipts substantiating the program's expenditures, and in order to facilitate more efficient program administration, such receipts will be maintained by the cofinancing funds or FONADE rather than be submitted to the Bank at the moment of each disbursement request. The annual audits shall include a review and report to the Bank on the documentation. 11/

G. Control, monitoring, and evaluation

- 3.18 Due to the weak institutional structures in the region and the complexity and flexible nature of the program, significant support on the part of the Bank will be required throughout execution by personnel both at the Country Office as well as the Headquarters. Throughout the first three years of execution, the program will require concentrated dedication of a broadly trained, experienced professional at the Country Office. During the disbursement period, the project team should be sent at least once a year to monitor progress of the program and review the following year's AOP. The AOP should be presented to the Bank 90 days prior to the

7/ See contractual conditions.

8/ See contractual conditions.

9/ See contractual conditions.

10/ See contractual conditions.

11/ See exceptions to Bank policy in the Executive Summary.

start of each calendar year during the execution of the program. 12/

- 3.19 Qualitative and quantitative goals will be established for the program as part of the annual exercise to prepare the AOP. The goals for the first year are: (a) the program's organizational structure must be operating and all positions in the supporting structure must have been filled; (b) execution of the portfolio of projects for the first year must be completed or under way and the financial resources committed; (c) the annual management evaluation report must be completed as established in the MS and make specific recommendations for the second year; (d) pertinent information showing the present status of the sector and global indicators suggested in the MS must be presented, based on the municipal plans and diagnosis and other studies financed by the program which indicators must consist of specific figures for each municipality and the aggregate for each subregion; (e) the program must generate a AOP for the second year that complies with the program objectives and regulations; and (f) this program must be coordinated with the BioPacific and the NRMP programs. The UTN shall submit to the Bank the proposed goals for each year of the program, based on a consolidation of the data at the project level through the MS. 13/
- 3.20 During the first two years of the program, the UTN will present an evaluation of the way the gender dimension has been incorporated (training, organizational structure, operationality, and projects) as a special chapter of the semiannual progress report that will serve as a basis for concrete recommendations at the institutional, technical, and operational levels, including the possible engagement of a consultant to assist in this process. 14/
- 3.21 As a result of consultations with the communities of the Pacific coast on policies toward the region as well as the proliferation of local and international initiatives since the issuance of the Pacific Plan document in 1992, it was agreed during the preparation of the operation that the government would issue a policy statement within two years of the signing of the loan contract articulating its medium-term plans for the region. This should reflect the findings from the studies related to municipal and departmental zoning. 15/
- 3.22 The proposed MS will administer a satisfactory flow of information on the progress of the program and the individual projects that will allow an ex post evaluation of goal attainment to be conducted. The proposed studies, municipal plans and input produced by the municipal data systems will generate sufficient information for a baseline. Along with the proposed AOP for the second year,

12/ See contractual conditions.

13/ See the contractual clauses.

14/ See contractual conditions.

15/ See contractual conditions.

the UTN will provide the Bank with an analysis of the current status of the indicators to be used for preparing the ex post evaluation with respect to the program's three overall objectives, plus a projection of the desired situation at the end of the program. 17/ The ex post evaluation must be submitted to the Bank within two years after the final disbursement of program resources. 18/

H. State of preparation, execution, and disbursement period

- 3.23 A number of the projects to be executed during the program's first year call for additional work to finalize technical designs, define institutional structures, and complete environmental impact assessments. All of the projects to be executed are small with minimal technical complications. 19/ A contractual clause will require that feasibility studies and designs for all of the projects and the terms of reference for all of the studies to be undertaken during the program's first year be presented to the Bank within six months of the date of the loan contract. The UTN will use resources from the PPF, where required, to hire consultants to complete project preparation. As the PPF will be disbursed with funds from the Bank's ordinary capital, it will not be possible to repay those amounts with the program's local currency resources; this will require that the PPF agreement incorporate special procedures for repayment. 20/ The project preparation process should function more efficiently in year's two through five of the program's execution once the support structure detailed in table IV-1 is fully put into place.
- 3.24 The period for execution and disbursement is five years. The estimated annual disbursement schedule is outlined in Table III-I below:

Table III-2 Tentative disbursement schedule (US\$000)						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB Laon	3,150	8,900	10,450	8,275	9,225	40,000
IDB technical cooperation	2,800	3,000	2,500	1,900	-	10,000
Local counterpart	2,550	6,100	5,550	3,075	3,925	21,400
Total	8,500	18,000	18,500	13,250	13,150	71,400
%	11.9	25.2	25.9	18.6	18.4	100.0

- 17/ See contractual conditions.
18/ See contractual conditions.
19/ See contractual conditions.
20/ See note in Executive Summary.

IV. THE BORROWER, THE EXECUTING AGENCY, AND OTHER PARTICIPANTS

- 4.1 The borrower is the Republic of Colombia. The agency that will coordinate program execution and will be responsible for the program is the DNP.
- 4.2 In light of the objectives set for strengthening the capabilities of the regional government, the program coordination structure was conceived as a source of technical support at the following decision-making levels: the DNP; the four Governor's Offices, the municipal mayors' offices; and the organized communities in the region (see the organizational chart in Annex IV-1).
- 4.3 The UTN will be set up within the DNP and will have an administrative technician and four professionals, including the national coordinator who will report to the DNP director, or deputy director on execution of the program. 21/
- 4.4 At the regional level, a regional coordinating committee will be created, consisting of: (a) the governors of the departments of Chocó, Cauca, Nariño, and Valle; (b) four mayors representing each of those departments; (c) a representative of the region's Indian organizations; (d) a representative of the black communities; and (e) a representative of the NGOs that are active in the region. All committee members will have a voice and vote in the deliberations. The departmental managers, the program's national coordinator, and the regional planning director, who is currently director of the Consejo Regional de Planeación Económica y Social [Regional Council for Economic and Social Planning] (CORPES), for the west will also be able to speak at the meetings but will not have voting rights. The committee's technical secretariat will be assigned to one of the departmental chiefs by semiannual rotation. The meetings will be held successively in the four departments, preferably in one of the municipalities located in the region. 22/
- 4.5 A departmental manager's office will be required in each of the four departments in question, and will consist of a manager and two professionals. The departmental managers will serve as advisors to the governors and will report to the governor, who will determine their position in the structure of the departmental government.
- 4.6 The Pacific coast region will be divided into up to 10 subregions. In each of them, the program will support the operation of a UTS -- consisting of two professionals -- who will work under the supervision of the departmental managers and will serve as advisors to the mayors and the communities. The municipalities and the communities will identify the projects, take part in the preparation thereof, supervise execution, help with operation and

21/ See conditions precedent to first disbursement.

22/ See conditions precedent to first disbursement.

maintenance and ex post evaluation, and serve on the administrative boards, depending on the project. In the subregions where existing agencies operated by NGOs and other programs perform similar functions successfully, the UTN will decide on the feasibility of reinforcing these structures if necessary, and will arrange for the pertinent cooperation agreements. In the case of the Valle Department (where only one municipality is eligible to participate in the program), the functions of the UTS will be carried out by the departmental manager's office.

- 4.7 Paragraphs 3.8 to 3.13 describe how the program resources are to be transferred from the borrower to the executing agency (EA), through the cofinancing funds, the DNP, and FONADE, depending on the component being financed.

Table IV-1
PROGRAM SUPPORT STRUCTURE MEMBERSHIP AND FUNCTIONS)

OFFICE	MEMBERSHIP	FUNCTIONS
DNP	<ul style="list-style-type: none"> - National Coordinator - Two assistants who are experts in planning and development projects - An expert in finance and administration - An administrative technician 	<ol style="list-style-type: none"> 1. To establish the program guidelines and strategies, in consultation with the Regional Committee. 2. To advise the DNP head office on policy and investments having an impact on the Pacific coast region. 3. To manage and administer external credit and other resources. 4. To ensure interagency coordination. 5. To establish indicative budget quotas by component and by department, in consultation with the Regional Committee. 6. To verify and present the AOP covering each stage for joint approval with the Bank. 7. To carry out, through consulting services, projects in the components for institutional development, zoning, land management, and use of renewable natural resources and preinvestment studies on projects of a regional nature. 8. To monitor the process of operational incorporation of gender issues into policies and programs. 9. To monitor and evaluate management of the program. 10. To establish the guidelines and conduct the ex post evaluation of the program.
REGIONAL COORDINATING COMMITTEE	<ul style="list-style-type: none"> - Governors of Chocó, Valle, Cauca, and Nariño - 4 mayors representing the departments of the Pacific - A representative of the region's Indian communities - A representative of the black communities - A representative of one of the region's NGOs - Voice but no voting power: - 4 departmental managers - the UTN coordinator - regional planning director 	<ol style="list-style-type: none"> 1. To recommend that the DNP approve the AOP, based on the demand from the municipal and departmental agencies and the strategies featured. 2. To study and approve the evaluation reports on the program at the regional level. 3. To evaluate the general progress of the program, examine its impact and suggest any recommended changes in the strategies, the inclusion of new components, and the indicative quotas. 4. To recommend the execution of regional studies and projects.
DEPARTMENTAL MANAGER'S OFFICE ^{1/}	<ul style="list-style-type: none"> - Manager - 2 professionals 	<ol style="list-style-type: none"> 1. To advise the governor on policy matters and departmental investments having an impact on the Pacific region. 2. To promote the program projects in its sphere of influence. 3. To help municipalities to identify, formulate, and prepare projects. 4. To see that the projects are incorporated into the departmental AOP. 5. To support and ensure operational implementation of the gender provision in the program. 6. To arrange for the allocation of resources to the projects identified. 7. To monitor, follow upon, and evaluate municipal and departmental projects. 8. To draw up the proposed budgetary quotas by department and by component. 9. To ensure implementation and monitoring of the management system by the UTS.
UTS	<ul style="list-style-type: none"> - Coordinator - No more than 2 professionals 	<ol style="list-style-type: none"> 1. To advise mayors and communities in the subregion on policy and investment matters. 2. To promote the participation of local agents in project identification and formulation. 3. To provide municipalities and communities with technical assistance in the formulation of projects. 4. To arrange for the allocation of resources to the projects identified. 5. To operate the management system. 6. To establish and manage the subregions' data banks. 7. To assist the community and the municipalities in the institutional development activities. 8. To advise municipalities and the community in the operational incorporation of the gender provisions.
^{1/} In the case of the Valle del Cauca Department, the office will consist of a manager and four professionals, due to the fact that there would be no UTS in this department.		

V. FEASIBILITY AND RISKS

A. Technical factors

1. Health care, education, and sanitation

- 5.1 The health care, education, and sanitation components are technically feasible, since their conceptualization and sizing are consonant with the national financial and political directives, with the realities of the region, and with the strategy governing intervention. The three components of the program are conceived as a long-term activity that will bolster the reforms being implemented by the national government to resolve the problems of equity, efficiency, and quality.
- 5.2 Activities in the three sectors are very closely linked to the capacity to attract and retain professionals capable of working in the region. The sector strategies, particularly with regard to health care and education, include plans to improve working conditions for staff. This risk may create considerable obstacles to the successful outcome of certain projects. Resolving the problem or mitigating its impact will require creativity and financial resources.

2. Institutional development

- 5.3 The country has acquired considerable experience in the realm of institutional development, thus enabling it to draw conclusions from its failures as well as the more promising results (more pragmatic strategic management, community participation, active incorporation of the concept of sustainable development). The greatest risk lies in the possibility that the contents of advisory services which did not work - either in the region or in other parts of the country - might continue to be transferred to the coast. The program should vigilantly examine the thrust of such advisory and training services and must take care to identify consultants who can adapt those models and generate new ones that are better suited to the complex institutional setup of the coast.

3. Zoning and land use planning

- 5.4 The first consideration in sizing this component was complementarity with the BioPacific and NRMP projects. But execution of the component will take place in stages, given the complex issues of land use management; the fact that, the pertinent institutional framework and regulations have not yet been established in this field; and the need to plan for the incorporation of data that have yet to be produced.
- 5.5 A zoning and land use process, if it is to be accepted and adopted by the different users, must call for their participation in the process. In view of the recent institutional changes, the new powers assigned the existing municipal and departmental agencies

and those which may be created in the future, the need to reconcile diverse interests and positions as to the management of the resources, and the overall situation of governance in the region, there is a risk that difficulties might arise to prevent the consensus necessary to validate the zoning and land use procedures. To reduce that risk, special attention will be directed toward establishing effective means of dialogue and consultation with the communities and the subregional and local agencies in order to agree on effective ways for the various actors to play a part in the process.

B. Environmental factors

- 5.6 The ecology of the Pacific coast area is so complex and fragile that special attention has been focused both on the conceptualization of the program and on verification of investment eligibility. To begin with, the ecological zoning and land use planning component will examine the features of the natural physical environment and the ways the natural resources are being used in order to propose a zoning process which is in turn an essential part of land use planning.
- 5.7 A system of geographic information will be established and generalized use of the information on the natural environment will be promoted as part of that planning, not only at the (a) national level (land use planning policies, development models, and protection of biodiversity), and (b) interregional level (uses of space, areas of protection, instruments for management, and resolution of dispute concerning the use of the resources; but also at the (c) municipal level (plans for land use, urban development, and services).
- 5.8 In the sphere of environmental verification, there will be a guide to the verification of environmental procedures in an annex to the program OR. All of the investment projects proposed for financing by the program resources will be submitted to those environmental procedures. In addition, and since the procedures are congruent with the environmental regulations recently enacted and one of the program's main objectives is to strengthen the institutions in the area, those procedures would also be adopted for all of the public funding channeled by the SNC, acting in coordination with the regional autonomous corporations. The implicit risk would lie in the lack of consensus and interagency support for applying all of the zoning and land use planning criteria, as well as the environmental procedures. The mechanisms planned for consultation and participation and the procedures measures for monitoring and evaluation of program execution reduce the possibility that such a situation might arise.

C. Institutional factors

- 5.9 The program plans to provide technical advisory services to the existing decision-making centers, many of which have little capacity for project identification, preparation, and execution.

Both the proposed organizational structure and the institutional development component give adequate attention to this issue. The greatest risks are: (a) possible malfunction of the SNC; and (b) the program's extreme sensitivity to the quality of the staff for the organizational structure. With the exception of the national coordinator, who will be hired using local counterpart funding, all of the staff for the program will be chosen on the basis of open merit competition, pursuant to the terms of reference, requirements, and working conditions agreed upon in advance with the Bank. The final selection of personnel for the UTS and the departmental managers' offices will be made by a committee in each of the four departments under the program, which will include representatives of: (a) the governor of the department in question; (b) the national coordinator; and (c) community groups and NGOs active in the department. The selection of staff for the UTN (except for the national coordinator) will be made by the national coordinator, subject to a statement of no objection from the Bank. 21/

- 5.10 As a result of the failure of many other government initiatives in the region, partially due to the inadequate efforts made to consult with the target communities and then incorporate the resulting recommendations into the program designs, the Bank and eventually the government insisted on a high level of community participation. A significant number of community groups and NGOs participated in community consultations, often spending a great deal of money to send representatives to meetings in Bogota, requiring hours of traveling, in order to ensure that their recommendations were heard and included in the final design of the program.

D. Financial factors

- 5.11 The 38 municipalities included in the Pacific Plan are extremely weak financially, with the vast majority of budgetary resources dedicated toward covering the cost of salaries and benefits of employees. Revenue sources are restricted due to the poverty of the region and limited ability of the municipalities to collect property or commercial taxes. The most important source of funds for the municipalities is transfers from the national government. However, in accordance with the constitutional criteria for revenue-sharing, most of these resources are tied to expenditures in specific areas. Other sources of revenues for the municipalities include participation in royalties derived from exploitation of natural resources, participation in the cofinancing programs, and credit from institutions such as FINDETER or commercial banks, usually guaranteed by a revenue stream. In order to strengthen the financial capabilities of the municipalities, the institutional development component will focus on improving accounting and treasury systems, financial planning and control, tax collection, and professionalization of municipal personnel.

21/ See the contractual conditions.

- 5.12 Of the four departments participating in the program, only Valle has a strong financial situation. The other departments, particularly Chocó, have insufficient resources and extremely limited institutional capacity. The weak financial situation of the municipal and departmental entities in the region will have a limited effect on the program as the cofinancing percentage will be low and will be "payable" in financial resources as well as local materials and labor. To assure adequate resources for administration, operation, and maintenance of projects financed under the program, the RO requires that beneficiaries demonstrate a project's financial sustainability.

E. Socioeconomic factors

1. Socioeconomic evaluation of the program

a. Approach, project evaluation and selection mechanism

- 5.13 The projects comprising the AOP will be submitted to an evaluation and selection process by the authorities indicated in the MS and OR documents. Project management will be undertaken by the community, assisted by a support structure for the design and technical, economic, sociocultural, institutional, environmental, and financial evaluation. Since the technical support staff would be responsible for applying the criteria for project eligibility and selection, the quality and coherence of the entire series of projects comprising the AOP in any given year will depend on the quality of the staff assigned and the training and guidance those persons are given concerning application of the program's technical standards and managerial guidelines.

b. Criteria for project eligibility and selection

- 5.14 Generally speaking, the principles of cost-efficiency would be applied. This is deemed to be the most suitable methodological approach for the projects, most of which are small- or medium-scale and therefore not subject to extensive quantification of benefits. The OR establishes guideline caps on expenditures (by project and/or per capita) in some sectors, such as health care and sanitation. The specific parameters (the amounts invested for each individual who would benefit from each type of project) would be established on a case-by-case basis to avoid any erroneous imposition of values established for regions with characteristics dissimilar to those of the Pacific.

c. Cost-benefit analysis

- 5.15 The foregoing notwithstanding, there is a category in which both the nature of the project and the amount invested warrant a more traditional approach, i.e., submission to a strict cost-benefit analysis. This includes some of the productive and public service projects in the three main cities of the coast, which in addition to abiding by the master plan for the sector - when one exists for that city - must comply with the regulations and policies of the

country and those of the IDB for the respective sector in regard to rates, economic indicators, and the like.

d. First year project evaluations

- 5.16 Seventeen projects were reviewed to verify their compliance with the criteria cited above. The only one submitted to the benefit-cost analysis was the Buenaventura water supply system, mainly because of the size and the limited data available for estimating the benefits of the other projects in the sector. Due to the limited amount of resources in the first year and the information needed, this project was not included in the revised AOP during the analysis mission. Those in the areas of education and health care are not considered to warrant the quantitative analysis of benefits.
- 5.17 The other projects in the sanitation sector - one that is small (less than US\$30,000) and four that are medium-scale (US\$100,000 to US\$200,000) - posted reasonable cost indices (from US\$90 to US\$135 per capita, based on the current population). These investment levels, which are considered to be relatively low, given the high unit costs for the region, reflect the nature of the projects, most of which are for rehabilitation and/or expansion, with the corresponding sunk costs. According to a study made by the Banco de Proyectos de Inversión Nacional [Bank of Investment Projects] (BPIN), the indicators for those projects would have acceptable rates of return (an internal rate of return of more than 12%, and in some cases more than 20%). The study found the greatest source of benefits to be the addition of new users, as compared with the increase in and/or standardization of the amounts consumed by present users. The projects in the program present both situations, but the practice of scaling them so as to accommodate demand for at least another 10 years is a guarantee of future benefits for new users. This standard is designed to meet the imperious need to foresee gradual migration from rural areas to coastal and riverside communities, which still lack the basic services to meet the needs of their present inhabitants.

2. Distributional impact of the program

- 5.18 Given the lack of information as to the private sector benefits of the projects, there is no way of measuring the program's distributional impact pursuant to the methodology established by the Bank. Considering that the basic needs of 70% of the people in the Pacific region are not met, that 38% are living in extreme poverty, that the quality of life index is the lowest in the country (50.1 compared with the national average of 71), and that not only the conceptualization but also the criteria for selecting program outlays favor projects to meet those basic needs, the distributional impact can reasonably be expected to be highly significant and that it would exceed the 50% goal. A more precise figure for that indicator would be obtained each year, as a part of the ongoing process of obtaining data for the ex post evaluation.

F. Gender-based factors

- 5.19 To achieve the program objectives, a gender perspective has been included in both the overall design and in the execution and evaluation stages. In addition, where necessary, projects specifically targeting women will be financed, especially in health, education, training, and the sustainable use of natural renewable resources. Furthermore, the various public and private institutions and community organizations participating in the program will receive specialized training to implement a gender perspective in the planning, execution, and evaluation of strategies and projects. For the reasons mentioned, and due to the type of programming and operation planned by the Bank, the impact of the program on the female population cannot be quantified in advance. However, given the widespread poverty in the region and the type of projects that will be given preference under the program, a considerable improvement in the condition and status of women can be expected.

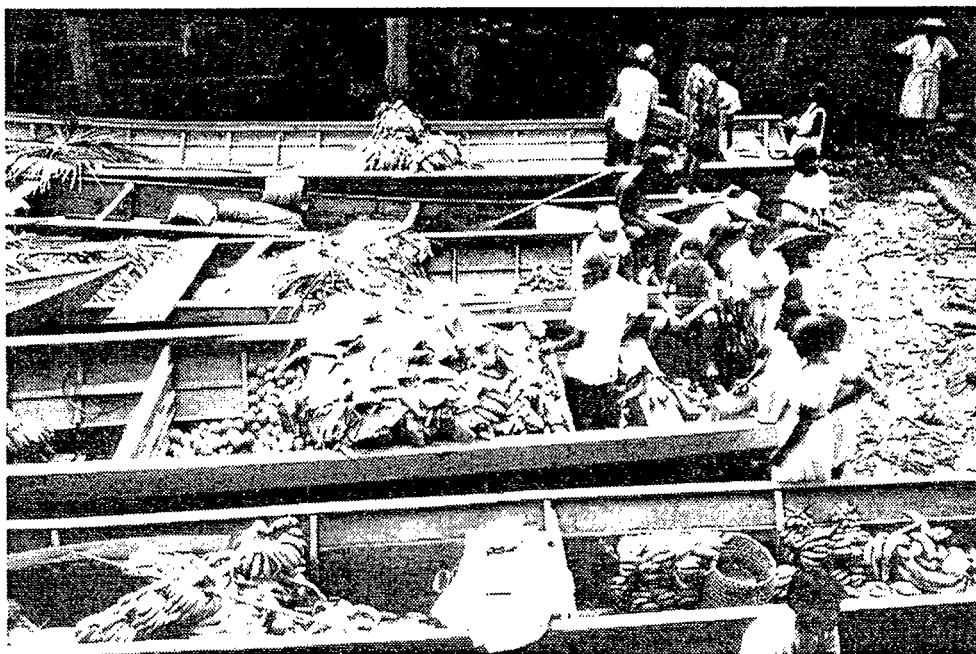
G. Natural disaster policy

- 5.20 The Pacific coast region is highly susceptible to natural disasters and has suffered significantly during this century, especially from earthquakes, tidal waves and flooding, and forest fires. The municipal and departmental zoning and land management component will have an important role in dealing with these risks as it will generate the necessary data for, among other purposes, informing the residents of high risk areas where development would be inappropriate. Designs for works financed under the program will be adapted to the different risk factors affecting the region, in accordance with the Bank's policy on natural disasters.



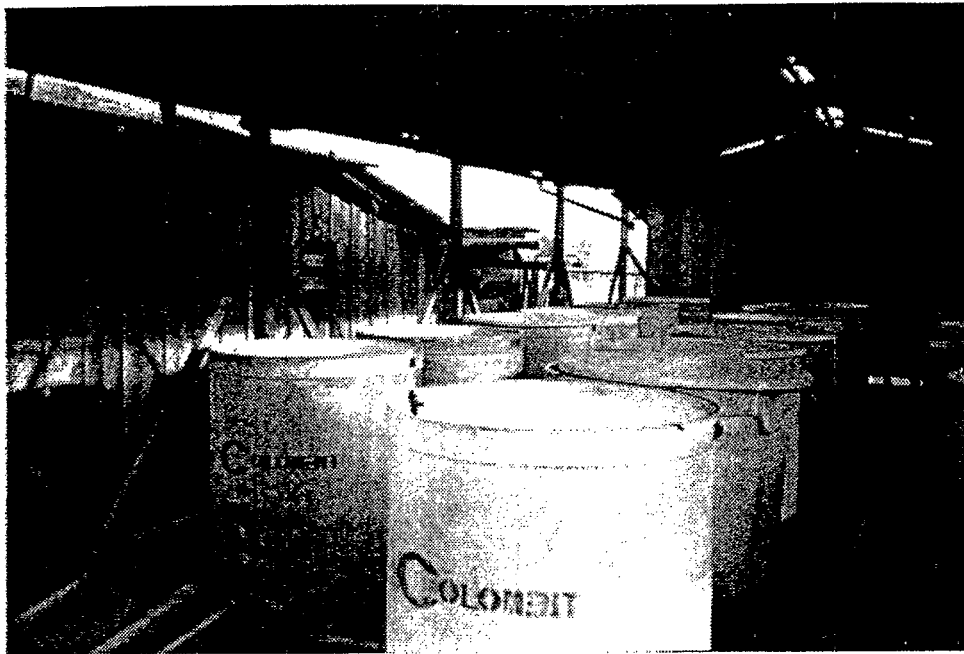
Escena típica rural de un grupo de casas en un estuario de la
región de la costa Pacífica colombiana.

Typical scene of a group of houses along an estuary
in the Colombian Pacific coast region.



Mercado en el municipio de Guapi, departamento del Cauca.

Market in the municipality of Guapi, department of Cauca.



Sistema de recolección de agua, en el municipio de Mosquera,
departamento de Nariño.

Water collection system in the municipality of Mosquera,
department of Nariño.



Familia enfrente su casa del municipio de Mosquera,
departamento de Nariño.

Family in front of their home in the municipality of Mosquera,
department of Nariño.

PLAN OF OPERATIONS FOR TECHNICAL COOPERATION

I. THE PROGRAM

1.1 This technical cooperation (the "technical cooperation") will finance aspects of the Pacific Coast Sustainable Development Program (CO-0059) (the "program") related to institutional development and the program's administration (support/coordination structure), both of which are described in detail below as well as in the loan proposal for the program.

A. Institutional development

1.2 The goal of the institutional development component is to expand the institutional capacity of public and private entities, with particular emphasis on municipal governments, community groups, and private organizations. An underlying principle is to create mechanisms for dialogue among different groups and to expand the degree of community participation in decision-making of governmental institutions. Programs will sensitive and train leaders to recognize and incorporate the perspective of gender at the conceptual as well as operational level of projects carried out in the region.

1.3 The technical cooperation will finance studies, training, and advisory services, as well as the cost of materials, supplies, and certain equipment. Special attention will assure that training as well as other activities are designed to respond to the needs of women and that there is a high level of female participation. The component will focus on the following: (a) assistance in the elaboration of "programas de gobierno" ^{1/} by candidates for municipal elective offices; (b) training in strategic management for mayors, municipal department heads, members of the municipal council, leaders of community organizations, and local business leaders; (c) preparation of municipal development plans; (d) training in oversight and supervision of government programs and projects; (e) establishment of municipal information systems; and (f) use of geographic information in municipal planning and zoning.

^{1/} Under Colombian law, "programas de gobierno" (government programs) must be presented by candidates for certain elective offices for which they may be held accountable by the public, if elected.

B. Support structure

- 1.4 (a) To facilitate access, (b) to assist with project identification, preparation, execution and evaluation, and (c) to coordinate the program, a decentralized support structure will be created and will function on three levels: a national technical secretariat (UTN), four departmental offices, and up to ten sub-regional technical units (UTS). Regional coordination of the program will be provided by the program's regional committee which will unite: the governors of Valle, Cauca, Chocó, and Nariño, four mayors representing each of the Pacific coast departments, and representatives of each of the following groups: (a) indigenous population, (b) black inhabitants, and (c) non-governmental organizations active in the region. (See Organizational Structure, Annex IV-I, and description of the responsibilities of each support unit, Table II-1 in the project document.)
- 1.5 The technical cooperation's resources will finance the start-up and operational costs of the UTN, departmental program offices, and the UTS, including salaries and benefits of consultants, transportation and per-diem expenses, office materials and supplies, vehicles, boats, and motors, generators, meeting expenses, and attendance at courses.
- 1.6 In certain of the sub-regions, it is possible that program support and coordination will be extended through existing offices of national government entities, such as the Programa Nacional de la Rehabilitación (PNR), or non-governmental organizations. These offices might be strengthened through the technical-cooperation funding, reducing start-up costs.

C. Dimension and financing

- 1.7 The Bank's participation in the financing of the program is being funded exclusively in local currency, US\$40 million in reimbursable FSO and US\$10 million through this operation. With the US\$40 million loan, all of the available FSO resources in Colombian pesos are being exhausted. In Colombia and elsewhere, the Bank has normally restricted the use of the net income from the FSO to finance small projects and technical cooperation, which are generally reimbursable in "A" and "B" countries. The extension of the resources on a non-reimbursable basis is permitted when the technical cooperation benefits predominantly low income groups, as in this operation.
- 1.8 Table I-1 below lists the estimated sizing of the program's components and funding sources.

Table I-1 ESTIMATED COST OF COMPONENTS BY FUNDING SOURCES (in thousands of US\$)					
COMPONENTS	IDB (FSO LOAN)	IDB (TC)	LOCAL	TOTAL	% TOTAL
Administration	-	5,000	3,000	8,000	11.2
Components	32,370	3,630	15,620	51,620	72.3
Health	6,250	0	4,500	10,750	15.1
Education	7,000	0	2,700	9,700	13.6
Environmental sanitation	8,560	0	5,440	14,000	19.6
Institutional development	1,540	3,630	500	5,670	7.9
Territorial zoning and land use planning	3,000	0	0	3,000	4.2
Sustainable use of natural resources	2,500	0	1,300	3,800	5.3
Transport and telecommunications	1,020	0	380	1,400	2.0
Rural electrification	2,500	0	800	3,300	4.6
Unallocated	5,480	1,370	2,780	9,630	13.5
Contingencies	3,507	877	1,746	6,130	8.6
Escalation	1,973	493	1,034	3,500	4.9
Financial costs	2,150	0	0	2,150	3.0
Interest	1,750	0	0	1,750	2.5
Inspection and supervision	400	0	0	400	0.6
Total	40,000	10,000	21,400	71,400	100.
Percentage	56.0%	14.0%	30.0%	100.0%	

- 1.9 Table I-2 below presents in detail in the utilization of the funds under the technical cooperation:

TABLE I-2 DETAILED BUDGET BY COMPONENT AND CATEGORIES OF EXPENSES (in thousands of US\$)	
CATEGORIES	IDB TECHNICAL COOPERATION
INSTITUTIONAL DEVELOPMENT:	3,630
1. PROFESSIONAL SERVICE FIRMS	3,630
1.1 FEES	3,630
SUPPORT STRUCTURE:	5,000
1 PROFESSIONAL SERVICE FIRMS	100
1.1 FEES	100
2 INDIVIDUAL CONSULTANTS	4,400
2.1 HONORARIA	3,100
2.5 TRAVEL (INCLUDES PER DIEM)	1,300
6 GENERAL SUPPORT	500
6.1 PREMISES	-
6.2 FURNITURE AND FIXTURES	-
6.3 EQUIPMENT	400
6.4 SUPPLIES	50
6.5 COMPUTER SERVICES	50
7 PUBLICATIONS	-
98 CONTINGENCIES:	1,370
TOTAL	10,000

D. Retroactive financing

- 1.10 It is recommended that expenditures up to US\$250,000 on eligible consultancy services subsequent to the application for the financing and within twelve months preceding approval of the same be recognized as expenses chargeable to the proceeds of the technical cooperation. 2/

2/ See contractual conditions.

E. Administration of resources

- 1.11 Prior to first disbursement, DNP and FONADE will enter into an agreement for financial administration of the resources of the technical cooperation. 3/

II. RISKS

- 2.1 This technical cooperation, along with resources from the loan and the local counterpart, would finance the institutional development component as well as the program's administration, aspects of the Pacific Coast Sustainable Development Program critical to the success of the Plan Pacífico. The implementation of the Plan Pacífico depends upon the creation and strengthening of public, non-governmental and private institutions to more effectively and efficiently manage funds directed toward dealing with the profound social, economic and environmental problems of the Pacific region.
- 2.2 Due to the harsh living conditions along the Pacific coast, a significant effort must be made to identify and hire competent, motivated professionals to support the program's execution. The financial and other conditions of employment should contain adequate incentives to reflect the sacrifices required of professionals living in the region.
- 2.3 To control the influence of politics in the selection of the consultants who will staff the four department program offices and the UTS, a committee will be formed in each of the program's four departments, comprised of a representative of each of the following: (a) the governor of the department, (b) the program's national coordinator, and (c) community groups and non-governmental organizations active in the department, which will administer an open, competitive selection process based on terms of reference, minimum qualifications, and conditions of employment previously agreed to by the Bank. At the level of the UTN, the professional staff will be hired by the program's national coordinator subsequent to receiving the Bank's "no objection". The national coordinator will be hired according to standard Bank procedures.

3/ See conditions precedent to the first disbursement.

III. ESTIMATE OF BANK STAFF NEEDS FOR THE PREPARATION
AND EXECUTION OF THE OPERATION

- 3.1 This technical cooperation was prepared in conjunction with the Pacific Coast Sustainable Development Program. Less than one week of staff time was dedicated to the drafting of the operation's plan of operations. It is estimated that no additional Bank resources beyond those dedicated to the program's execution will be required to support the implementation of this operation (see Annex V-2).

OPERATING REGULATIONS

CHAPTER I

ARTICLE 1. The present operating regulations are issued pursuant to loan contract No. ----- entered into by the Inter-American Development Bank (IDB) and the Republic of Colombia. They shall remain in force for a period of five years from -----, the date on which the DNP puts them into effect, but shall be reviewed annually and may be amended by joint agreement of the Bank and the DNP.

ARTICLE 2. The purpose of the present regulations is to specify the procedures and basic guidelines that shall govern execution of the program partially financed by the IDB, and establish the eligibility criteria for the selection of projects and participating entities.

ARTICLE 3. The following definitions are set forth for purposes of the operating regulations:

Departamento de Planeación [National Planning Department] (DNP): The national agency responsible for the technical units charged with program coordination and the performance of agreements with the executing agencies.

Inter-American Development Bank (IDB): Financing agency of the Pacific Coast Sustainable Development Program.

Program: The set of measures to be partially funded by the IDB within the framework of the Pacific Plan and governed by the present regulations.

Pacific Plan: Set of projects, investments, programs and/or activities aimed at promoting comprehensive and sustainable development of the Pacific region in Colombia through improvement in the quality of life of the local population, proper use of natural resources, and environmental protection. The Pacific Coast Sustainable Development Program is part of that strategy.

Project: The specific investment undertaking or support service activity of a particular investment component, the performance of which is proposed in compliance with the project eligibility criteria described below.

Regional Committee: Principal regional authority and point of program coordination, composed of the governors of the Pacific departments, four mayors of the region, representatives of indigenous interests, black communities and NGOs (with the right to vote); the four departmental

managers of the program and the national coordinator participate without the right to vote.

Departmental offices: Under a technical coordinator and two professionals, they assist the UTSs, the municipalities and the departments in presenting projects for financing.

Subregional technical units (UTS): Support teams for the municipalities in the identification, preparation, performance and follow-up of projects.

National Cofinancing System (SNC): The unified national mechanism whereby arrangements are made for specific allocations of resources to departments and municipalities.

Cofinancing Departmental Units (UDECO): Offices set up by the SNC in the governors' offices to promote the system and conduct the technical evaluation of projects drawn up by territorial entities in the department for presentation to the cofinancing sources.

Cofinancing: The project financing arrangement made by territorial entities under which the requesting entities provide a percentage of the resources.

National Technical Unit (UTN): A unit of the DNP headed by the national program coordinator. The unit is responsible for overall coordination and comprehensive support for program execution.

Requesting Agency (RA): Depending on the components and type of project, the requesting units may consist of: the territorial entities which assume responsibility for presenting the projects in the program; private entities; NGOs; or the community itself.

Executing Agency (EA): The agency responsible for the direct execution of the investments. If it qualifies, the requesting entity itself may serve as the executing agency.

Management System: The set of mechanisms for the retrieval of information that will support the planning, monitoring and evaluation processes and provide guidance for the project cycle.

CHAPTER II

OBJECTIVES

ARTICLE 4. The program is designed to provide technical and financial support for the Pacific Plan strategy set in motion by the Government of Colombia. The starting point is based on the concept that, while there

is a need for a greater flow of resources into the region, the bulk of the Bank's contribution should go to helping to assure satisfactory use of such resources. Support for the program is thus focused on enhancing the managerial skills of the territorial entities in the region, departments and municipalities, local community organizations, and the NGOs; on the provision of essential basic services; and on management of renewable natural resources, based on criteria that stress sustainability.

The first objective is to develop government capacity and land management skills. An attempt shall be made to strengthen the leadership and negotiating skills of community organizations and technical and political-administrative facilities. Better land-management skills by departments and municipalities shall be sought, as well as more skillful planning for land and resource use. The technical capacity of the municipalities to collect tax revenues mandated by law is also scheduled for improvement. Stimulus shall be given to interaction by communities and municipal authorities with private-sector labor unions. This is essential in order to obtain substantial behavioral changes. Considerably better interinstitutional coordination is also required.

The second objective has to do with improving the quality of and access to basic services in health care, education, basic sanitation, rural electrification, telecommunications, and transportation. During the first two years, the focus is expected to be placed on health care, education, and basic sanitation. The other areas shall be the subject of supplementary studies so as to formulate precise sector strategies.

The third goal consists of support for the development of sustainable production alternatives. Support will be given for studies on the resource base as a complement to other regional programs, as well as for the validation and dissemination of tested technologies for sustainable resource use. Studies will be conducted on resource management and viable regulatory frameworks to eliminate or mitigate the adverse impact of extractive or productive processes for agroindustrial purposes (timber species, hearts of naidi palm, mining, palm oil, shrimp and prawns) and that of mass production processes (operation of ports, naval and shipping industries and services, and the tourist industry).

ARTICLE 5. The program shall comply with the following guiding principles: (a) it shall take into account and respect population diversity insofar as social, ethnic, cultural and gender are concerned (the last-mentioned to be construed as recognition of the contribution of men and women and their different requirements); (b) it shall promote modernization of local government and good relationships with the public; (c) it shall ensure preservation of biodiversity and sustainable management of natural resources; (d) it shall strengthen ongoing sustainable activities and capitalize on past experience; and (e) it shall finance projects primarily on the basis of demand, except in the case of the zoning and land management component, demand for which shall come from the program coordination unit).

CHAPTER III

DESCRIPTION OF THE PROGRAM

ARTICLE 6. Health Care. The objectives of the health care component are: (a) to improve the health of the population in the region, particularly that of women and children; (b) to enhance institutional operating capacity, with emphasis on human development; and (c) to upgrade the capacity and expand coverage by making basic health care services accessible to riverbank settlements and to rural and marginal urban population groups.

The health care component shall be composed of three subcomponents: (a) preventive public health promotional programs, to be divided into three parts: (i) maternal health care, to improve the health of women of childbearing age, in the following areas: reproductive care (sexual education, family planning, responsible parenthood); prenatal, child-birth, and postnatal care; and nutritional improvement (dietary education and supplementary nutrition); (ii) infant health care, including: monitoring and development; immunizations; nutritional improvement (nutritional education and monitoring of diet deficiencies); and (iii) disease control in order to improve epidemiological surveillance of diarrheal diseases, acute respiratory diseases, malaria, and others; (b) the institutional strengthening subcomponent comprises steps aimed at the formulation of the regional plan and 38 municipal health care plans, as well as enhanced management of the health care systems and special support for personnel training; and (c) a subcomponent for improving the basic service network, including construction of new facilities and refurbishing of existing ones; basic service equipment, preferably at the primary level; and the procurement of launches for waterborne health care service.

ARTICLE 7. Education. The program resources shall be used to overcome cultural and socioeconomic maladjustment, unequal access, and technical and administrative shortcomings. The component shall be geared to the institutional development of the sector, in terms of municipal school administration as well as teaching staff. Through technical assistance, improvement will be sought in the quality of education. The specific objectives are as follows: (a) to improve the quality of basic and secondary education; (b) to increase internal efficiency; (c) to upgrade the academic background and teaching skills of educators; and (d) to organize and develop education from the institutional standpoint.

The specific activities will include: (a) preparation of regional and municipal education programs that consider gender factors; (b) technical assistance for the development of teaching and training projects at each educational level; (c) creation and start-up of a network of research centers on the Pacific; (d) rehabilitation, improvement and expansion of infrastructure and equipment (the construction of urgently needed new

buildings or when circumstances dictate that the present facilities must inevitably be abandoned); (e) introduction in the classroom of texts and teaching materials specially designed for the Pacific region; (f) projects to diversify secondary education; and (g) improvement of teachers' living conditions.

ARTICLE 8. Environmental sanitation. The objectives of the sanitation component include: (a) increased coverage of water supply and sewerage systems and refuse removal services; (b) improvement of water supply quality; (c) the treatment of wastewater before it is discharged; (d) creation and strengthening of local agencies to administer, operate and maintain services; and (e) establishment of regional units for monitoring and for providing technical and institutional assistance. To implement the strategy, the localities will be encouraged to restore and maintain services and to apply appropriate and low-cost technologies in keeping with the availability of local resources and the sociocultural characteristics of the region.

The activities to be financed include: (a) institutional strengthening of administrative or cooperative boards and public service enterprises; (b) sanitary education; and (c) the construction of water-supply and sewer systems, particularly for scattered settlements.

ARTICLE 9. Institutional development. Its purpose is to enhance the managerial capacity of public and private institutions (particularly community organizations, municipal councils, municipal governments, and private enterprise). Special attention will be given to training and development of the female population. This component will fund studies, training and advisory services, as well as outlays for equipment and materials. The issues to be dealt with shall be: (a) advisory services for the development of government programs, addressed to candidates for city office; (b) training in strategic management for mayors, government clerks, councilors, leaders of community organizations, and local entrepreneurs; (c) municipal planning for sustainable development; (d) advisory services in the supervision of plans and projects for municipal council members and community organizations; (e) institution of municipal feedback systems; and (f) use of georeferenced feedback in municipal administration. An attempt will be made to improve the conditions for dialogue and local participatory democracy. Through a plan for consciousness-raising and training, the component will include women at the conceptual and operating levels within the agencies involved in execution of the program. Specialized sector-oriented institutional development (health care, education, water management, etc.) will be addressed in each of the components.

ARTICLE 10. Sustainable use of renewable natural resources. The initial focus of this component will be on assesment of the resource base in order to expand the availability of information regarding utilization of renewable natural resources, complementing ongoing work. Areas already identified are management of coastal resources and estuarine

environments. Another proposed study to be undertaken during the program's first year will develop a strategy for dealing with issues such as programs to mitigate the harmful environmental effects of important income generating activities such as mining and logging, as well as how to expand programs which promote and support the creation of micro and small enterprises, particularly in traditional and non-traditional activities in which women are or may be involved, designing mechanisms to assure a high level of female participation.

Once a strategy for natural-resource management has been developed, the program will finance feasibility studies for the sustainable use of selected resources with a proven technological base; studies to pinpoint entities and groups interested in participating in the development of, and support for, community enterprises and groups to carry out the respective projects.

ARTICLE 11. Transport, telecommunications and rural electrification. These components require additional study to better understand the issues as well as to formulate strategic responses which would be financed by program resources. The strategies that result from the studies should focus on nontraditional, less costly, environmentally sustainable ways of providing the transport and energy services demanded by the Pacific coast communities.

ARTICLE 12. Zoning and land management. Problems of overland access and the almost constant dense cloudiness prevalent in the region - factors that preclude the use of conventional remote-sensing methods - have thus far limited an understanding of the nature and spatial distribution of resources and of land-use conditions on the Pacific coast.

The use of recently developed technology and joint efforts with BioPacífico and the NRMP will provide a suitable basis for analysis of the natural conditions prevailing in the region and the way the various socioeconomic groups are organized. These data will be used to develop a land-management approach in conjunction with local governments and communities.

Program action and investments in zoning and land management are geared to: (a) the analysis of available data; (b) the securing of missing data; (c) the development of land management proposals; and (d) the preparation of means for territorial organization.

The program's land management strategy has two underlying purposes: (a) as a factor in land-use planning consistent with the environment and in keeping with the program's objectives; and (b) as an input for discussions on adjustments in political and administrative organization. This component will yield: (a) a georeferenced data system that can be accessed by the departments and municipalities; (b) specific zoning and land-management proposals with integrated data on geography and

demographic, political and social factors; and (c) criteria for the use of land and natural resources.

CHAPTER IV

PROJECT ELIGIBILITY CRITERIA

A. General criteria

ARTICLE 13. In order to be eligible for financing from the program resources, each project must meet the following criteria:

Geographic location

Any action financed under the program must be carried out in one of the following 38 municipalities:

- a. Chocó (19): Quibdo, Acandí, Alto Baudó, Bagadó, B. Solano, Bajo Baudó, Bojaya, Condoto, El Carmen, Itsmina, Jurado, Lloro, Novita, Nuquí, Riosucio, S.J. del Palmar, Sipí, Tadó, Unguía.
- b. Valle del Cauca (1): Buenaventura.
- c. Nariño (10): Tumaco, Barbacoas, El Charco, Francisco Pizarro, Magüí, Mosquera, Olaya Herrera, Roberto Payán, Santa Bárbara, La Tola.
- d. Cauca (8): Guapi, Timbiquí, López de Micay, El Tambo, Argelia, Balboa, Suárez, Buenos Aires. (Physical investment projects in the last five municipalities listed will be financed only in the subregion bounded by the western Cordillera and the coast).

Executing agency

All projects must specify the executing agency or agencies, which must meet the eligibility criteria set forth in these Operating Regulations.

Consistency

The projects must be consistent with the policies and objectives of the program and must include certification by the community organization or, at the least, a statement by the mayor or government that the project has been coordinated with the beneficiaries and addresses a problem that has been defined and accorded priority at local or regional level.

Coordination with land-use planning

Investment projects must include certification that have been incorporated into the investment (or development) plans together with a statement of their respective contributions.

Project size

In preinvestment projects, funding of up to US\$100,000 a year shall be provided for studies, irrespective of the total cost of the studies. The ceiling on investment projects shall be US\$500,000 a year. Any exceptions to these figures must be fully justified and approved by the program's professional and political authorities.

Local contribution

All investments in the program must call for and duly certify local counterpart funding equal to at least 10% of the total cost of each project. Such local counterpart may originate with the territorial entities (municipalities or departments) of CORPES de Occidente, the NGOs, or the beneficiary community itself. It is payable either in money, labor, materials, land or other direct contributions to the project as long as its value can be clearly shown and committed.

Financial aspects

All projects must be accompanied by an analysis of the sources of funding and the drawdown of resources over time, broken down by activity.

Partial projects

Funding shall be provided solely for projects that have been completed or for stages of projects whose completion and start-up is guaranteed. This means that no funding will be given to partial projects that may ultimately be left unfinished.

Systems recovery

Whenever the projects call for the construction of new works, a review must be conducted to verify that there are no existing systems in operation that could be overhauled or improved.

Gender and women

Preference will be given to projects that explicitly consider means or actions focusing on the enhancement and/or benefit of women.

Feasibility

The projects must pass the six feasibility tests established in the management system: technical, sociocultural, economic, financial,

environmental and institutional (the latter includes legal aspects). To be deemed economically feasible, projects must abide by cost-efficiency criteria and display cost parameters within the ranges set for the program. If a project's cost exceeds US\$500,000 equivalent and its economic benefits can be pinpointed and quantified, a cost-benefit analysis should be conducted, based on a discount rate of 12%.

Training and studies projects

The only training and studies projects to be financed are those that are related to the components and types of projects included in the program. Such projects will have an execution period of one year maximum. If they last more than one year, special approval must be given by program headquarters.

Formulation

All projects must be duly formulated and are subject to an ex ante evaluation, in accordance with the project cycle set forth in the program. Projects which call for equipment and/or construction work must also meet the various feasibility tests.

Nonfundable items

No financing shall be provided for the retirement of debt, purchase of stocks or bonds, payment of taxes, purchase or lease of real estate, loans, or the regular payrolls of the entities involved.

Construction works

All works must have earthquake-resistant structural and architectural designs and be in tune with their natural and cultural setting.

B. Economic criteria

Cost-efficiency evaluation

Generally speaking, the cost-efficiency principles established in each country would be applicable. This methodology is deemed to be the most suitable approach for the projects, most of which are small or medium-sized and do not lend themselves to the quantification of benefits. The operating regulations set forth investment guidelines (by project and/or per capita) in some sectors, such as health care and sanitation. Specific parameters (size of investment by beneficiary for each type of project) would only be set on the spot in order to preclude the use of

figures taken from regions with different characteristics from the Pacific. ^{1/}

Cost-benefit evaluation

Despite the above, there is one category of projects whose nature and cost are such that they deserve more conventional treatment, in the form of a strict cost-benefit analysis. These include some of the production projects and public utilities in the three major cities on the coast. In addition to conforming to the master plan for the sector - if there is one for the particular city - they must meet Bank and country standards and policies for the respective sector in terms of rates, economic indices, etc.

C. Specific criteria by component

ARTICLE 14. In addition to the general criteria, the following specific eligibility criteria shall be borne in mind for each component:

Institutional development

- a. **Beneficiaries:** Mayors, governors (sitting, elected or running for office), representatives and leaders of civic organizations, NGOs and political parties; public officials; and members of public entities. Representatives of private enterprises shall benefit if their activities are linked to ongoing components and would contribute to the program's goals. In activities at the municipal level, the beneficiaries must be permanent residents of the region.
- b. **Comprehensiveness:** In the course of project preparation, the institutional development activities under way in sector programs, the cofinancing system and the PDI should be verified so as to avoid any duplication of effort or conflicting proposals.
- c. **Project size:** The ceiling cost of a project shall be US\$100,000. Exceptions to this figure must be submitted to the UTN for consideration and special authorization.

Health care

- a. The project must be aimed at the rural population of municipal districts with fewer than 1,500 inhabitants or at marginal urban areas with high morbidity and/or mortality indicators, as the case may be.

^{1/} The quality and timeliness of the data available for the analysis, did not allow any specific cost-efficiency parameters or estimates for all the projects in the sample.

- b. In municipalities that have a sector health-care plan, the proposed project must be consonant with that plan.
- c. Institutional strengthening of the service in the project area of influence must be included.
- d. Projects that do not improve the capacity of the service networks should include training and updating activities for the community and personnel in the sector (health promoters, midwives, community health-care organizations, and medical-center staff).
- e. Projects submitted by an NGO should be endorsed by the municipality, community, and/or sector health-care service.
- f. Provision should be made for short and medium-term assessments of project actions, stipulating how this is to be accomplished and the indicators to be used.
- g. All buildings must have earthquake-resistant structural and architectural designs and be suited to their cultural and natural setting.
- h. Infrastructure projects must reflect cost-efficiency parameters within the ranges established by the program.

Education

- a. All infrastructure and equipment rehabilitation and expansion projects should be based on school-by-school teaching projects and/or municipal education planning.
- b. In cases of expansion, demand must be demonstrated.
- c. Projects arising from municipal education plans based on teaching projects for the schools in their jurisdiction are considered to hold priority.
- d. Exceptions to the above are buildings or improvements undertaken to mitigate or eliminate risk to the occupants, and to provide them with textbooks, and sanitary facilities.

Basic sanitation

- a. The project works must not be a part of other national or regional basic sanitation programs.
- b. Water-supply service must be available for collective sewer systems.

- c. For construction or improvement of water-supply systems, the implementation of solutions for wastewater management must be guaranteed or the lack of need demonstrated.
- d. Provision should be made for a rate system consistent with community conditions that will make it possible to cover administrative, operating and maintenance costs.
- e. If a regional entity is to be established, its sphere of action must cover a specific geographical area in order to facilitate operations.
- f. Training should be geared to human resources connected with the basic sanitation system at regional and local level.

CHAPTER V

ELIGIBILITY CRITERIA FOR THE REQUESTING AGENCIES

ARTICLE 15. Eligibility criteria for requesting agencies, regardless of whether they act as project executing agencies:

- a. A statement certifying that there are no legal or financial impediments to their assuming the cofinancing commitments entailed by the project must be included.
- b. The applicants must state their willingness to undertake follow-up and evaluation of the project in line with program procedures.
- c. There must be no pending penalties for noncompliance and the agency must be current in its commitments with the SNC.

CHAPTER VI

ELIGIBILITY CRITERIA FOR EXECUTING AGENCIES

ARTICLE 16. General eligibility criteria for executing agencies.

- a. The agencies must possess and have available for the project qualified professional staff, or supplement such staff through contractual arrangements or agreements (preferably drawing on natives of the region or people with experience in the region).
- b. They must be able to provide proof of three years' experience in jobs similar to the project for which they apply, preferably in the region.

- c. They accept, and are in a position to perform, follow-up and evaluation, using the mechanisms proposed in the program.
- d. They must certify the acceptance and backing of the beneficiary communities.
- e. They must be legally constituted public or private entities and in a position to enter into contracts with public agencies.
- f. They have an administrative organization keyed to the project, as well as performance and operational indicators consistent with the objectives and needs of the program.
- g. They must have past experience or display interest in and/or commitment to incorporating the gender equity provision.
- h. They must foster the participation of professional women in-house.
- i. Entities with wider geographical coverage must delegate enough responsibility at the regional or local level to ensure efficient and expeditious execution of the projects in the program.
- j. Their procedures must conform to SNC regulations for the various stages of the project cycle.
- k. Their financial performance indicators, based on duly audited financial and accounting statements, must be consistent with the requirements for carrying out the agreements.
- l. Whenever an executing agency is responsible under the program for a project volume equal to US\$500,000, it shall be ineligible to execute new projects. Exceptions to this rule (if necessary) must obtain special authorization and justification from the UTN.

ARTICLE 17. **Monitoring of executing agency eligibility criteria.** The management system shall report on the performance of the executing agencies and their continued capacity to execute projects using program resources. If, during the project executing period, the program's coordinating units observe any changes in compliance with the conditions agreed upon, the remedies provided for in the operating regulations shall be set in motion.

CHAPTER VII

SUSPENSION OF DISBURSEMENTS

ARTICLE 18. The DNP, acting through the funds or national entities in conjunction with which it manages the program resources, may suspend

disbursement of its resources to executing agencies for any of the following reasons:

- a. The entity fails to operate its follow-up system. The entity does not take remedial steps despite its control system's alarm signals. Serious, unjustified delay in complying with contractual obligations.
- b. Nonobservance of the legal provisions governing application.
- c. Repeated and unjustified delays in honoring commitments for contributions by the RA and/or the beneficiaries.
- d. Lack of professional or operational diligence in project execution.
- e. Verification of noncompliance with mutually agreed upon auditing or contracting standards.
- f. Other reasons that may significantly alter the goals and objectives foreseen in the project.

MANAGEMENT SYSTEM

I. INTRODUCTION

- 1.1 The proposed design is predicated on the following principles:
 - a. The central purpose of the management system is to improve the adoption of decisions by the various participants in the Program for Sustainable Development of the Pacific Coast and to accelerate the learning processes.
 - b. Improved project design is a fundamental part of the decision-making process. Individual projects that are vaguely defined do not permit control, evaluation or conceptualization of activities and therefore impede the acquisition and transmission of experience.
 - c. To permit decentralization that enhances the roles of the municipality and community, there must be clarity as to – and participation in – the definition of what is to be financed by the program and for what purposes. Without such design, the requisite transparency will not be attained and it will thus be difficult for local and regional participants to take part.
 - d. To heighten the projects' equity, participation and efficiency, it is essential to eliminate any gender-based bias at the levels of design, execution and evaluation.
 - e. Assembly and operation of the Management System makes sense only insofar as the institutions take into account the signals available.
- 1.2 The system must be integral in two ways: (a) it must cover all of the stages to be undergone by any given project: programming, execution and operation (with active input from the ex ante evaluation, progress reports and assessment of impact); and (b) it must cover the projects' technical, institutional, environmental, economic and sociopolitical dimensions.
- 1.3 The system must help to focus attention on projects that are not working properly (and allow those which are working efficiently to continue to do so). It must provide timely signals to correct shortcomings. Physical data must be consolidated and transformed into information that is relevant for each of the participants in the program.
- 1.4 It must be compatible with the Bank of Investment Projects (BPIN) and accepted by the principal executing agencies that will play an active part therein.

- 1.5 A distinction will be drawn between the following subjects of analysis: (a) the **project** cycle (regardless of whether it goes through the National Cofinancing System - SNC); and (b) the **program** cycle.

II. THE PROJECT CYCLE

- 2.1 The Management System will provide information throughout the project cycle:

PREINVESTMENT	INVESTMENT	OPERATION
Contract Executing agency	Products	Effects Impact
EX ANTE EVALUATION	ONGOING EVALUATION	EX POST EVALUATION

- a. **Project:** The group of interrelated activities performed in organized fashion under a commanding unit to achieve a desired objective that will solve or help to resolve a problem in a given period of time and with the mobilization of certain resources.
- b. **Product:** The concrete and tangible results and the physical goal attained as a result of the project activities.
- c. **Effect:** The extent to which the project's immediate objectives have been accomplished and are evident in the community's use of the project's products or results. This is the goal which the project is designed to achieve through the use of its resources, time and activities.
- d. **Impact:** The extent to which the development objectives are achieved. This is the ultimate aim to whose attainment the project contributes but which is beyond its direct reach. In other words, the project provides help in solving the problem, but the final solution depends on the execution of other projects or that of the program in general.
- A. Cycle of projects that do not depend on the National Cofinancing System
- 2.2 The zoning and land use planning component, and the first stage of the component for sustainable development of natural resources will be executed and financed at the initiative of the UTN. Each year, however, a work plan must be presented that indicates the goals,

the agencies charged with execution duties, the costs and the results.

- 2.3 The cycle of institutional development projects will consist of: (a) identification, at the UTN's own initiative or as a response to demand; (b) verification by a specialized institution that the project meets the technical quality criteria; (c) verification by the UTN that it complies with the program objectives and eligibility criteria; (d) contracting for execution of the project; (e) evaluation of the results by the beneficiaries; and (f) UTN authorization for payments.
- 2.4 The projects in the health care, education and basic sanitation components that are the purview of the SNC will be subject to the cycle established by that agency.
- 2.5 The project cycle for the other components (support for projects for sustainable use of natural resources, rural electrification, transportation, telecommunications) will be defined in the strategy documents that will be prepared in the first year of operations.

B. Cycle of projects under the National Cofinancing System

1. Identification

- 2.6 The requesting agency (RA) identifies the projects, based on an analysis of problems and viable solutions.
- 2.7 For projects above the municipal level or at the departmental level, the departmental managers' offices of the plan are responsible for compiling and examining project suggestions submitted by the various secretariats, autonomous regional corporations, decentralized agencies, nongovernmental organizations (NGOs) and similar sources.

2. Formulation

- 2.8 As soon as the project has been identified, it should be formulated by the municipalities, the department or the program managers' offices, depending on whether the project is from the municipal, departmental or regional level. The project will be directly formulated by those agencies or by consulting services that specialize in preinvestment studies.
- 2.9 The necessary information is then gathered for deciding on the projects' technical, sociocultural (including the gender equal rights approach), institutional, legal, economic and environmental viability (see Appendix A). As the quality and quantity of information increase, the projects go through different phases in regard to the concept, profile, feasibility and design. Projects that are complex undergo all of those phases, while those that are

simple reach the concept or profile stage. The itemized budget for each project should be drawn up in every instance.

2.10 In general, it is planned that the project document contain the following chapters:

- a. **General aspects:** Project location; background; assessment of the present situation; gender-related outlook; summary of the sector plan (if any); problems to be resolved; general description; situation without the project; and the beneficiary population.
- b. **Ideological framework:** Objectives; physical goals; results; chief activities; and indicators of effect and impact.
- c. **Project evaluation:** Components and costs; cofinancing matrix; execution timetable; financial evaluation; economic evaluation; technical evaluation; sociocultural evaluation; environmental evaluation (environmental permit); institutional evaluation; project sustainability (operation and maintenance); and the feasibility of follow-up measures and evaluation.
- d. **Evaluation of the requesting agency:** Compliance with commitments in previous projects; financial capacity to provide the contributions; technical and administrative directing skills; follow-up and maintenance of the project.
- e. **Evaluation of the executing agency (EA):** General information; legal status; financing and technical support; organizational structure; personnel; equipment; budget; principal activities; and experience.

2.11 The program's departmental manager's office and the subregional technical units (UTSs) will play a basic role in this stage of the project, since they will provide support for the community, the municipalities, the agencies and the department itself.

2.12 Once the projects have been formulated, they are presented to the Departmental Cofinancing Unit (UDECO), which records the incoming requests for cofinancing. The UDECO is allowed 20 days in which to review these applications and ask for additional information.

3. Ex ante evaluation

2.13 This evaluation will verify the soundness of the project, contrasting it with the objectives and the eligibility criteria.

2.14 The ex ante evaluation will be performed by the UTSs and the program managers' offices. To assist in that appraisal, the following summary card has been designed:

EX ANTE EVALUATION OF THE PROJECT

1. GENERAL DATA

PROJECT TITLE:
LOCATION:
SECTOR:
TOTAL COST:
IN PESOS OF:
BENEFICIARY POPULATION:
AGENT RESPONSIBLE FOR THE EVALUATION:
DATE:

2. COMPLIANCE WITH GENERAL ELIGIBILITY CRITERIA

3. COMPLIANCE WITH SPECIFIC ELIGIBILITY CRITERIA

4. VIABILITY

CRITERIA	YES	NO	N/A	COMMENTS
3.1 TECHNICAL VIABILITY				
3.2 INSTITUTIONAL VIABILITY 3.2.1 RESPONSIBLE BODIES 3.2.2 LEGAL ASPECTS				
3.3 ENVIRONMENTAL VIABILITY				
3.4 FINANCIAL VIABILITY				
3.5 ECONOMIC VIABILITY				
3.6 SOCIAL/GENDER-RELATED VIABILITY				

5. COFINANCING MATRIX

TOTAL PROJECT VALUE	COFINANCING		
	CONTRIBUTION PLAN PACIFICO		LOCAL CONTRIBUTION
	IDB FUNDS	COLOMBIAN FUNDS	

6. I HEREBY CERTIFY that this project is consistent with the objectives of the Program for Sustainable Development of the Pacific Coast Region, complies with the Operating Regulations thereof and is viable.

Name: _____ Signature: _____ Date: _____

POSITION HELD IN THE PROGRAM: _____

7. I DO NOT ACCEPT this project in its present form. The project must resolve the following problems before it can be reconsidered.

Name: _____ Signature: _____ Date: _____

POSITION HELD IN THE PROGRAM: _____

- 2.15 If this initial evaluation shows that the project fails to meet one of the eligibility or viability criteria (depending on the category), the departmental manager's office returns it to the requesting agency, pointing out the shortcomings and the way to correct them.
- 2.16 As the next step, provided that the project passes this first screening, it is forwarded to the UDECO for evaluation of each project's specificity. In the case of simple projects, the validation and attestation are routinely performed by the UDECO.
- 2.17 When the project is complex, it is subjected to an exhaustive evaluation of the economic, technical, sociocultural, financial, institutional and environmental aspects. Responsibility for that task will lie with the UDECO if the project calls for cofinancing by the municipalities and the departments. For projects of a regional nature, such work will be assigned to the central level of the program, in coordination with the respective source of cofinancing.
- 2.18 If the project is not viable, it is returned to the RA with a written explanation of that finding. The UDECO will be given 60 days to compile the report on project viability.
- 2.19 For purposes of validation, the UDECO will be assisted by the departmental secretariats which will perform a technical validation in accordance with the sector, as a basis for the primary selection of projects.
- 2.20 From the environmental standpoint and pursuant to Law 99 of 1993, every project entailing physical works will require an environmental license, issued by the competent authority (the Ministry of the Environment or the autonomous regional corporations). To guide the evaluation process for this program, environmental procedures have been established that classify each project in one of the four categories of environmental complexity. Depending on the category assigned, the projects are rejected for want of environmental viability (category 1); are accepted without a requirement for specific studies (category 4); are required to present detailed studies of the environmental impact (category 2); or, when moderate effects on the environment are produced, must submit an environmental impact statement (category 3).

4. Approval

- 2.21 Based on the projects approved and the indicative budget ceilings for each fund and department, the Annual Operational Plan (AOP) is drawn up for each department by the respective manager's office and presented to the Regional Committee for its consideration. The AOP is then sent to the National Planning Department (DNP) for final approval.

- 2.22 The projects which fall within the purview of the SNC will be approved by the Departmental Cofinancing Committee (CDC). Those classified as complex will be presented to the respective fund for final approval. Once the projects have been approved, the program managers' offices must prepare the cofinancing program cards for budgetary purposes, which will then be sent to the BPIN by the respective fund or national executing agency. 1/

5. Legalization

- 2.23 After the projects have been approved by the CDC, an official record of the approval is sent to the fund and the respective requesting agency. Those documents are used by the funds as the basis of a contracting plan, which is sent to the trust so that it can draw up the cofinancing agreements with the RA.
- 2.24 The monitoring card, which should reflect the programming, is attached to the cofinancing contract as a commitment assumed by the RA. The duly authenticated contract is sent to the UDECO and the respective fund as well as to the trust and the RA.

6. Investment

- 2.25 This stage starts when the contract is signed with the EA and continues until the project's output (physical goals) has been realized.
- 2.26 The first step is definition of the EA (which may be the RA itself if it is the direct executing agency for the project) and evaluation of its technical, administrative and financial capabilities, based on the eligibility criteria established in the operating regulations. The task of evaluating the EA will be the responsibility of the departmental managers' offices involved in the program.

7. Contracting

- 2.27 Once the cofinancing agreement enters into effect, the RA may carry out the project directly or through contractors. In the latter case, the RA must enter into construction contracts with the contractor or contractors selected. If such contracting warrants public bidding, the RA will be responsible for conducting that procedure, with direct assistance from the trust.

1/ The "Guidelines for the Identification, Preparation and Evaluation of BPIN Cofinancing Programs" issued in 1993 must be applied for this purpose.

8. Monitoring

- 2.28 At the time the contracts are let, the RA in turn must engage or select an inspector or supervisor for each project or group of projects. This will permit the exercise of control over progress or delays in the project activities. (In the case of service projects, overall supervision can be performed by the relevant secretariat, either departmental or municipal.)
- 2.29 The inspector will keep a record of the information, using a list and a description of the construction work, to be sent to the RA accompanied by a report summarizing the volumes executed up to that time. Based on those reports and assisted by the project beneficiary community, the RA will provide the UDECO with timely information to conduct the overall monitoring of the project as compared with the other projects in the AOP.
- 2.30 The reports on project activities which the UDECO submits to the fund and to the trust will be used by the latter as a basis for issuing the corresponding payment to the RA.
- 2.31 The program manager's offices should help by managing the flow of information on project monitoring and prepare the corresponding reports through the program project bank.
- 2.32 When the physical goal of the project has been accomplished, the RA will formally present the resulting works to the community.

III. EVALUATION OF PROJECT PROGRESS

A. The monitoring and evaluation card

- 3.1 The project management system includes a card on which a breakdown of the normal framework of the project will be recorded. It will summarize the project activities, the execution time, cost, results, ultimate goals (the desired impacts), immediate objectives (desired effects) and the respective indicators which quantify those factors.
- 3.2 The card is filled out on both sides. The information on the project's physical goals appears on the front: investment categories, the main activities with their respective physical goals; cost and execution periods; cumulative expenditures; contributions or cofinancing as a percentage of the total project cost; any delays in the construction or financing; and the efficiency indicator. These data provide an overall picture of the activities, costs, financing and the length of time needed to

attain the project goals. In short, this side depicts the efficiency of the project.

3.3 The back of the card asks about the project's objective and the effects achieved in the community from the gender standpoint, the use made of the results and the physical goal. The maintenance and general functioning of the project are evaluated in turn. This side indicates the degree of project effectiveness.

3.4 The card is filled in at quarterly intervals, or more often when warranted.

B. Control board

3.5 The periodic insertion of data will comprise a record of the projects and any failure to adhere to the schedule. This makes it possible to trigger signals that guide the activities and improve program management. The information on the back of the card is a source of indicators of the results achieved through project execution and the degree to which the objectives have been accomplished - basic items for subsequent evaluation of the project's impact.

3.6 In addition to the warning signals, the system permits the compilation of consolidated data broken down by component, by department, by fund, etc., thus ensuring effective monitoring of the projects and a timely assessment of the program's organization so that any anomalies may be corrected and successful activities projected.

3.7 Any warning signals will first be examined by the RA, based on the information it receives from the inspector. If any adjustments needed in the project execution process are within its competence, the signals are not passed on to the UDECO. If, on the other hand, the snags are so widespread or complex that they exceed the capabilities and functions of the RA, the signal must be transmitted to the UDECO or the respective fund.

3.8 If the alert calls for adjustments entailing a substantial change in the project, it must be reformulated, which will in turn require an amendment to or redrafting of the contract covering the construction or service.

3.9 If the warning signals persist and the project EA is unable to correct the cause, the pertinent penalties must be established. They may even result in cancellation of the contract, with the legal consequences occasioned thereby.

C. Cost chart

- 3.10 The card also posts information on average costs per activity, which may be used in the future to set up a table of standards or cost chart in each department and at the regional level.
- 3.11 The cost chart can be used by the UDECO for screening purposes when the time comes to evaluate project formulation, and for monitoring its progress and the final cost of the construction or services.

IV. EX POST EVALUATION OF THE PROJECTS

- 4.1 Upon completion of project execution, the degree of compliance with the target goals and the gender-related objectives are evaluated.
- 4.2 The information reported in that evaluation on the project's efficiency and effectiveness will be used to compile consolidated tables showing: the executing agencies posting the best and/or the worst performance; components or municipalities that are particularly problem-fraught; and recommendations as to any changes in the strategies that may be needed.

V. EVALUATION OF PROJECT PROGRESS

- 5.1 Every year, at the time of the meeting between the DNP and the IDB, the UTN will prepare a report on the progress of the program, summarizing:
 - a. The main findings of the progress evaluation (based on data consolidated by municipality, department and component).
 - b. The main findings of the projects' ex post evaluation (based on data consolidated by municipality, department and component).
 - c. A summary of the lessons learned.
 - d. Recommended changes in the instruments for regulating the program (operating regulations, management system, organizational structure, strategies for each component, gender-related prospects).
 - e. Degree of compliance with the recommendations submitted by the DNP and the IDB in the previous year.

VI. EX POST EVALUATION OF THE PROGRAM

- 6.1 Along with the proposed AOP for the second year, the UTN will supply the Bank with the indicators that will be used to write up the ex post evaluation.
- 6.2 Within two years from the date of the final disbursement, the UTN will conduct an evaluation of the program's impact.
- 6.3 The leading indicators to be considered in that evaluation are:

COMPONENT	INDICATORS
General variables	UBN; per capita income; migration trends; employment; development of the municipal capacity to generate current surpluses, achievements on attracting and retaining qualified staff to operate the services.
Health care	Index of infrastructure; infant mortality; life expectancy; illiteracy; causes of morbidity and mortality; municipal or regional health care plans.
Education	School infrastructure; research centers; illiteracy; school leavers. Types of education; municipal or regional educational plans.
Basic sanitation	Brick dwellings; water supply system coverage; garbage collection services; municipal slaughterhouse; quality of water supply and garbage collection services.
Transportation and telecommunications	Means of transportation (coverage, frequency and quality of service; navigability; airports; telephone system (service quality and coverage); means of communication (types, frequency, coverage and quality of service).
Rural electrification	Interconnection with the national or departmental system; sources of energy; coverage of electric power system; quality of service.
Sustainable natural resource development	Production systems; agricultural research centers and transfer of technology. Level of education and technology assimilation; economic activity; level of efficiency, by sector. Sustainable use of natural resources; extent of intervention in forests; watershed management; plans for developing production; pollution.
Zoning and land management	Habitats; national parks and forests; present and potential use of land; Indian reservations and protection; settlement zones; municipalities having land use management plans; degree of environmental awareness.
Institutional development	Capability of communities and territorial agencies for project formulation, execution, follow-up and operation; degree of community organization for prioritizing and negotiating projects; capacity of the Plan's organization to agree on and manage projects. Number and ability of EAs to develop projects under the Plan.
Incorporation of gender-related considerations	Institutionalized elimination of gender bias. Regional and municipal strategies, plans and projects featuring equal treatment of men and women. Team of technicians (10) in the region who are trained to support and strengthen this process, with instruments and previously prepared teaching materials. Improvement of women's leadership and participation talents. Heightened management skills in project design, execution, follow-up. Upgrading of their situation in regard to health care, education evaluation, technical training, environmental sanitation and income.

- 6.4 In order to avoid a duplication of efforts, resources and methodologies, it is proposed that both the base line and the impact evaluation be included in the zoning and land use management component. To that end, the variables cited above must be incorporated into and become a part of the zoning and land use management proposed for the Pacific region. Accordingly, the respective coordination for a methodological unification in the baseline processes, times and variables has been established with the land use management consultants.
- 6.5 The land use management work serves and is constituted as the basis for carrying out the municipal and departmental development plans, which would be used to strengthen the baseline variables.

VII. RESPONSIBILITY OF THE DIFFERENT PARTICIPANTS IN THE PROJECT CYCLE

- 7.1 The following summary shows the functions and responsibilities of the various participants in the project cycle:

NT	IDENTIFICATION, FORMULATION, EX ANTE EVALUATION	PROGRESS EVALUATION	EX POST EVALUATION
	<ul style="list-style-type: none"> - Identifies needs and prioritizes project ideas 	<ul style="list-style-type: none"> - Sets up community supervision to monitor the projects 	<ul style="list-style-type: none"> - Signs the official document showing delivery of the construction or - Helps the municipalities to maintain and operate the projects
	<ul style="list-style-type: none"> - Formulates projects within the framework of its strategy or development plan 	<ul style="list-style-type: none"> - Signs the cofinancing agreements with the trust - Signs contracts with the construction and service executing agency - Is responsible for supervision and inventory of the projects cofinanced 	<ul style="list-style-type: none"> - Receives and signs the document showing delivery of the construction or - Carries out the cofinancing agreements signed with the trust agent - Is responsible for project maintenance - Performs the project ex post evaluation
	<ul style="list-style-type: none"> - Promotes the program - Helps the municipalities identify and formulate projects. - Reviews the municipal projects 	<ul style="list-style-type: none"> - Assists the RA in periodic monitoring of the projects - Assists the beneficiaries in monitoring project execution 	<ul style="list-style-type: none"> - Assists the RA and beneficiaries in maintaining and operating the projects
al	<ul style="list-style-type: none"> - Promotes the program - Conducts the preliminary evaluation of the projects and helps to formulate them: to that end, includes the contracting of preinvestment studies . - Compiles the regional AOP and presents the proposed budget (broken down by program and subprogram) to the DNP with the respective BPIN cards - Proposes quotas for each department and fund. 	<ul style="list-style-type: none"> - Conducts institutional coordination for project execution - Arranges for mobilization of resources for project execution 	<ul style="list-style-type: none"> - Manages and controls the Plan's Bank - Assists in monitoring and evaluation of projects executed by the UDECO - Performs the monitoring and evaluation of the execution and results of the projects quarterly and at the end of the year
	<ul style="list-style-type: none"> - Registers the projects and issues statement of viability - Enters viable projects in the Departmental Project Bank - Presents the list of projects to the CDC 	<ul style="list-style-type: none"> - Conducts the monitoring and evaluation of all cofinanced projects - Authorizes the trust to suspend disbursements for projects that have failed to comply with the contractual terms 	<ul style="list-style-type: none"> - Examines the results of project evaluation by sampling - Manages the departmental project information system
	<ul style="list-style-type: none"> - Prioritizes and assigns resources to the projects 	<ul style="list-style-type: none"> - Receives information from the UDECO on project execution in order to determine any possible changes in the departmental AOP 	
	<ul style="list-style-type: none"> - Recommends the regional AOP 		<ul style="list-style-type: none"> - Approves the evaluation reports
	<ul style="list-style-type: none"> - Approves and assigns resources to the projects 	<ul style="list-style-type: none"> - Signs contracts with the trustees for management of the resources - Supervises the projects, based on sampling 	
	<ul style="list-style-type: none"> - Plans the program in general - Draws up the global AOP - Approves indicative quotas by department and by fund - Administers the IDB loan - Ensures operation of the Management System 	<ul style="list-style-type: none"> - Carries out the projects in the institutional component and preinvestment studies for projects of a regional nature, using consulting services to do so 	<ul style="list-style-type: none"> - Performs an annual evaluation of the program's operational and institutional status

FEASIBILITY

I. FEASIBILITY CRITERIA FOR ELIGIBLE PROJECTS

- 1.1 The program feasibility criteria for projects handled by the SNC must be compatible with the those adopted by that agency.
- 1.2 In order for projects to be eligible, their feasibility must be determined from the standpoint of six factors of analysis: technical, economic, financial, sociocultural, institutional (including legal factors), and environmental.
 - A. Technical feasibility
 - 1.3 The technical feasibility factor must include a clear description of the design parameters, the type of project proposed, specifying whether it is a new facility or expansion, remodeling, or improvement of a preexisting facility or service.
 - 1.4 Cases that do not represent a new facility must include a review of the reasons for the shortcomings, flaws, or inefficiency of the existing service, and indicate the technical and institutional corrective measures comprising the new project.
 - 1.5 An indication must be given of the technology that will be used and evidence that the technology has been tested and proven satisfactory in the country.
 - 1.6 Other required details are the name of the technical agency that backs, oversees, or approves the technology to be used in the design and engineering for execution, works supervision, and startup of the project and the name of the national agency certifying the technical feasibility of the project. If that authority is delegated, the delegation system must be described, and the names of the next-in-line agency (regional or local agencies, consulting firms, and the like) must be given.
 - 1.7 Certification of the authorized agency which guarantees the project – or documentation attesting to the technical expertise of the persons who prepared it – must also be included.
 - 1.8 Availability of the necessary inputs for execution of the project as a logical and consistent undertaking must be demonstrated. To that end, the following factors must be verified:
 - a. Trained personnel are available to carry out the investment and operational stages of the project.

- b. The necessary land and inputs for executing and operating the project have been secured.
- c. The training needs of the present staff or recruitment of new technical personnel to assume the local responsibilities entailed by the project (administration, operation, and maintenance) have been identified.
- d. The project is of a technical nature that can easily be applied by the community. If not, provision has been made to allow users to handle and adapt the necessary measures to the proposed system.
- e. The proposed system is technically coherent. For example: the concomitant activities are appropriate; the technology and size of the parts to be refurbished are compatible with those already in place; the services or portions thereof are being rehabilitated with a guarantee that the rest of the system will be in operating condition at the proper time.

B. Economic feasibility

- 1.9 As a general rule, the cost-efficiency principles established in the country would be applied. This methodological approach is considered the most suitable for the projects - most of which are small or medium-sized but not easily quantified in terms of benefits. The specific parameters (the amounts invested per beneficiary in each project) would not be established until the project is under way, in order to avoid the mistake of imposing values derived from regions having characteristics unlike those of the Pacific region. 2/
- 1.10 There is one project category, however, whose nature and investment amount warrant more traditional treatment in the form of a strict - cost-benefit analysis. It includes certain of the production and public utility projects in the three major cities on the coast, which - in addition to adhering to the master plan for the sector if the city has one - must comply with the regulations and policies of the country as well as those of the Bank for the respective sector in regard to rates, economic indicators, and the like.

2/ The quality and timeliness of the information available for analysis did not permit a priori establishment of specific cost-efficiency parameters or estimates thereof for all of the projects in the sample.

C. Financial feasibility

- 1.11 The rates charged for public utilities (water supply and sewerage, electricity, and transportation) must produce revenue at least sufficient to cover all of the system operating expenses, including those of administration, operation, and maintenance.

D. Institutional feasibility

- 1.12 This factor centers on the description of the project executing agency (or agencies) in the investment stage as well as the operating stage. The focal point is evaluation of the competence and operational capabilities of the agencies: an analysis is performed of their experience in similar projects, their technical capacity to handle similar outlays, and the amount of additional support required for undertaking the project.
- 1.13 There may be a need for policy measures, special agreements, staff training, or an input of technical or material resources to equip the respective agency with the skills required to undertake the project. Those requirements should be evaluated and defined during the project preparation stage.
- 1.14 The project costs may need to include the institutional strengthening need necessary for the executing agency in question certain measures or outlays prior to project execution. It must be verified that the resources for this purpose are available and that they have been included in the cost of the project if necessary. In that case, the costs in question and the execution system must be stipulated.
- 1.15 As noted under in the section on technical feasibility, when rehabilitation, upgrading, or expansion are involved, the project must include an analysis of the institutional, administrative, and operational factors that have affected the functions of the existing service, and must provide for the correction and adjustment of the problems identified.
- 1.16 Those alternatives may in turn require inclusion of the costs of training, administrative reorganization, or adaptation of the agency responsible for project operation.
- 1.17 When there are physical works that require organization of the community for purposes of operation and maintenance, the project must include provision for funds to cover the training and advisory services needed prior to startup of the project.
- 1.18 Establishment of the community organizations for operation and follow-up throughout the entire project cycle will be a guarantee of success. Accordingly, priority will be given to projects that

directly involve the organized beneficiary community in the identification and formulation processes and that show evidence of its commitment to the execution, startup, and operation of the project.

1. Legal concerns

- 1.19 Legal factors are part of the institutional feasibility, and they include the following items.
- 1.20 An account of the basic rules and regulations governing project activities and establishing the executing agency's authority to carry out the project; the contracting system that will be followed, indicating the corresponding procedures; the legality of the technical guidelines governing the technology; the financing and executing mechanisms; the approval procedures; and the authorizations or licenses which must be obtained for execution of the project.
- 1.21 There must also be a record of the contracts, agreements, purchase of land, and the approval that must be obtained from the local authorities or any other type of legal act or deed needed as a prerequisite to carrying out the investment.
- 1.22 The contracting and public bidding methods must be consistent with the general procedures established for the program that will be set forth in the annexes to the operating regulations.
- 1.23 The legal documentation of the project must also include a letter from the requesting agency presenting the project, stating its commitment to the measures involved and describing the documentation submitted.

E. Environmental feasibility

- 1.24 Evaluation of environmental feasibility is an indispensable requirement for all projects under this program which call for the execution of infrastructure works.
- 1.25 For this part of the feasibility analysis, a previous project classification system indicating their environmental features may be set up. The system would be based on a graduated scale identifying the projects according to the degree of environmental sensitivity (1 = no impact; 2 = minimal transitory impact; 3 = substantial but manageable impact; and 4 = critical impact).
- 1.26 Environmental analysis must include the following components:
 - a. institutional support for the technology from the standpoint of possible environmental risks associated with the project;

- b. a study comparing the possible deterioration caused by the project with the prospective benefits, examined from the environmental angle;
- c. a statement as to whether the impact identified will be permanent or merely temporary;
- d. following on the previous point, a description of the action that will be required to offset or control the adverse effects identified; and
- e. an estimate of the expenses resulting from such action and inclusion of this amount in the project costs in the event that such outlays cannot be covered by an alternative source.

Code: Name of Proj: Executing agency: Total cost: Duration: Contract start date: Contract end date: Execution start date: Execution end date:	PACIFIC PLAN FOLLOWUP AND EVALUATION CARD <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <input type="checkbox"/> Initial card </div> <div style="text-align: center;"> <input type="checkbox"/> Adjusted card No. _____ </div> </div> <p>TYPE OF PROJECT Front</p> <p>Period: Monthly__Bimonthly__Quarterly__</p>	Date of report: Report _____ of _____ Amount disbursed to date: Undisbursed amount: Actual works commencement date: Execution time to date: Current time for completion: Initial budget effectiveness: Final budget effectiveness:
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THOUSANDS OF PESOS OF (YEAR) _____

Main activities	UNITS		PERIOD 1			PERIOD 2			PERIOD 3			PERIOD 4			Physical index	Financial index	Efficiency
			P G	A C	T A	P G	A C	T A	P G	A C	T A	P G	A C	T A			
		P															
		E															
		P															
		E															
		P															
		E															
TOTAL		P															
		E															
TOTAL			SCHEDULE OF CONTRIBUTIONS IN MONTHS														
CONTRIB. PACIFIC P. FUNDS		P															
		E															
CONTRIB. REQUESTING AGENCY		P															
		E															
CONTRIB. COMMUNITY		P															
		E															
OTHER CONTRIB.		P															
		E															
TOTAL CONTRIB.		P															
		E															

UDECO COMMENTS:

RA COMMENTS:

COMMUNITY COMMENTS:

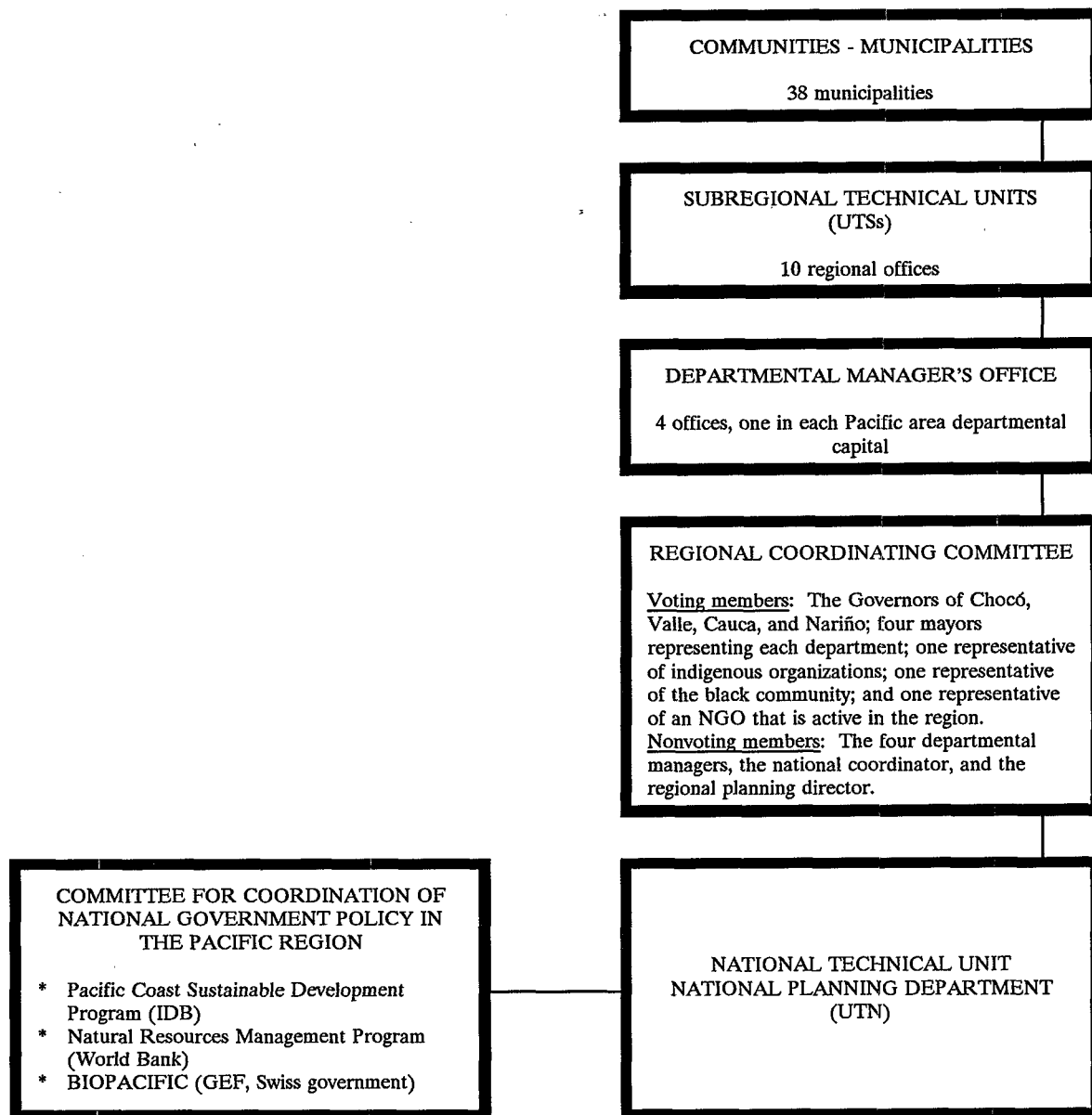
EVALUATION OF OBJECTIVES (BACK OF CARD)						
PROJECT OBJECTIVES:						
MAIN INDICATORS	CURRENT SITUATION WITHOUT PROJECT	SITUATION EXPECTED WITH PROJECT	SITUATION ACHIEVED BY PROJECT	DEGREE OF FULFILLMENT OF OBJECTIVES		
				High	Medium	Low
OPERATION AND MAINTENANCE						
PROJ. MAINTENANCE						
PROJ. OPERATION						
SUPPORT FROM OTHER PROJ.						
UDECO COMMENTS:			RA COMMENTS:			
COMMUNITY COMMENTS:						

PROJECTS IN YEAR1 OF THE ANNUAL OPERATIONAL PLAN (AOP)
(in thousands of US\$)

COMPONENT/PROJECTS	Project value	Component value
I. HEALTHCARE		2,062
Rating health services in Juradó, Bahía Solano, Nuquí, Bajo Baudó	70	
Rehabilitation Buenaventura Hospital	750	
Mother-and-child care program, Cauca Department	150	
Expansion/remodeling Timbiquí health center	214	
Tumaco health center	488	
Studies, training, technical assistance	290	
Waterborne health system	100	
II. EDUCATION		1,343
Pacific Option	312	
Diversification San José de Guapi School	332	
Construction Guapi educational center	291	
Studies, training, technical assistance	408	
III. SANITATION		1,289
La Italia water supply and sewerage system (municip.San José del Palmar)	127	
Opogodo water supply system (municipality of Condoto)	65	
Candelilla water supply system (municipality of Tumaco)	101	
San Juan del Cucho water supply system (municipality of Argelia)	137	
Tumaco water and sewerage system master plan	160	
Preinvestment - solid waste management in Tumaco	41	
Quibdó water and sewerage system master plan	160	
Designs for Quibdó water and sewerage system, stage two	120	
Preinvestment - solid waste management in Quibdó	86	
Preinvestment - wastewater treatment in Buenaventura	180	
Training and technical assistance, design and implementation of regional technical assistance bodies	112	
IV. INSTITUTIONAL DEVELOPMENT		1,110
Training, advisory support, planning and governance for municipalities	100	

COMPONENT/PROJECTS	Project value	Component value
Institutional development, large municipalities	120	
Advisory support and training on gender issues, stage two	40	
Advisory support and training, indigenous communities	30	
Strengthening of Chocó Department planning system	180	
Program to strengthen municipal planning systems	440	
Strengthening of public administration mechanisms	70	
Other advisory support	120	
V. ZONING AND LAND USE PLANNING		763
Team salaries	338	
Procurement of equipment	98	
Subcontracting (baseline), travel, shops, materials	327	
VI. SUSTAINABLE USE OF RENEWABLE NATURAL RESOURCES		488
Studies (assessment of hydrobiological resources, sectors such as tourism, mining, crafts), preinvestment	488	
VII. TRANSPORTATION AND TELECOMMUNICATIONS		200
Study of problems in the sector; preparation of strategy paper	200	
VIII. RURAL ELECTRIFICATION		200
Study of problems in the sector; preparation of strategy paper	200	
IX. SUPPORT STRUCTURE		923
Salaries, benefits, travel and per diem, office equipment (computers, boats, motors, campers)	923	
TOTAL		8,368

FUNCTIONAL ORGANIZATION CHART
SUPPORT STRUCTURE



**ESTIMATE OF PERSONNEL NEEDS FOR THE PREPARATION
AND EXECUTION OF THE PROGRAM
(person/week)**

AREA OF SPECIALIZATION	Preparation 1/		Execution 2/	
	BID	FCO	BID	FCO
Environmental specialist	16		8	
Regional development specialist	16		8	
Economist	10		6	
Health specialist	6		4	
Education specialist	1		4	
Sanitation specialist		14	8	
Specialist in gender	8		6	
Lawyer	6		2	
Operations officer (Team leader)	22		12	
Institutional or regional development specialist to support program execution				160
Subtotal	85	14	52	160
CONSULTANTS				
International	-		-	
National	36	15	15	
TOTAL	101	10	67	160
Notes: 1/ Includes only the time of Bank staff and consultants financed with Bank resources. Does not include consultants financed with Colombian government resources. 2/ The figures in this column are based on staff support for program execution during a five-year period. It is projected that 12 staff weeks will be required of headquarter's personnel during each of the first three years, declining to eight weeks in the final years. At the Country Office, proper administration of the program will require almost full-time attention (40 weeks per year) of a highly competent consultant or staff member during the first three years of implementation, reducing to a half-time position (20 weeks per year) during the last two years of execution.				

PROPOSED RESOLUTION

COLOMBIA. LOAN ____/SF-CO TO THE REPUBLICA DE COLOMBIA
PACIFIC COAST SUSTAINABLE DEVELOPMENT 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 the Bank, to enter into such contract or contracts as may be necessary with the Republic of Colombia, as Borrower, for the purpose of granting financing to cooperate in the execution of a program for the sustainable development of the Pacific Coast. Such financing will be for the amount of up to the equivalent of US\$40,000,000 in Colombian pesos, which are part of the resources of the Fund for Special Operations of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

COLOMBIA. NON REIMBURSABLE TECHNICAL COOPERATION
PACIFIC COAST SUSTAINABLE DEVELOPMENT PROGRAM

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is hereby authorized, in the name and on behalf of the Bank to enter into such agreements as may be necessary with the Republic of Colombia and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document _____ with respect to the technical cooperation to support the execution of the Program for the Sustainable Development of the Pacific Coast.
2. That up to the equivalent of US\$10,000,000 is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.
3. That the above mentioned sum is to be provided in Colombian pesos on a non-reimbursable basis.