

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**COLOMBIA**

**PROGRAM FOR THE DIGITAL TRANSFORMATION OF THE  
OFFICE OF THE COMPTROLLER GENERAL OF THE REPUBLIC**

**(CO-L1266)**

**LOAN PROPOSAL**

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## ABBREVIATIONS

AGR	Auditoría General de la República [Office of the Auditor General of the Republic]
CDPC	Contraloría Delegada de Participación Ciudadana [Office of the Comptroller-Delegate for Citizen Participation]
CGR	Contraloría General de la República [Office of the Comptroller General of the Republic]
CONPES	Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council]
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DAC	Dirección de Atención Ciudadana [Citizen Services Office]
DANE	Departamento Administrativo Nacional de Estadística [National Administrative Department of Statistics]
DIARI	Dirección de Información, Análisis y Reacción Inmediata [Office of Information, Analysis, and Immediate Reaction]
DNP	Departamento Nacional de Planeación [National Planning Department]
ICB	International competitive bidding
INTOSAI	International Organization of Supreme Audit Institutions
OC	Ordinary Capital
OCI	Oficina de Control Interno [Internal Control Office]
OSI	Oficina de Sistemas e Informática [Systems and Information Technology Office]
PEU	Program execution unit
SDG	Sustainable Development Goal
SIIF	Sistema Integrado de Información Financiera [Integrated Financial Information System]

## PROJECT SUMMARY

### COLOMBIA PROGRAM FOR THE DIGITAL TRANSFORMATION OF THE OFFICE OF THE COMPTROLLER GENERAL OF THE REPUBLIC (CO-L1266)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility <sup>(a)</sup>	
Republic of Colombia			Amortization period:	24 years
Executing agency:			Disbursement period:	4 years
The borrower, acting through the Office of the Comptroller General of the Republic (CGR)			Grace period:	6.5 years <sup>(b)</sup>
Source	Amount (US\$)	%	Interest rate:	LIBOR-based <sup>(c)</sup>
IDB (Ordinary Capital):	30 million	100%	Credit fee:	<sup>(d)</sup>
			Inspection and supervision fee:	<sup>(d)</sup>
Total:	30 million	100%	Weighted average life:	15.2 years
			Currency of approval:	U.S. dollars
Project at a Glance				
<b>Program objective/description:</b> The general objective of the program is to increase the effectiveness of the fiscal oversight exercised by the Office of the Comptroller General of the Republic (CGR). The specific objectives are to (i) increase the CGR's productivity to perform its new functions effectively; (ii) increase the levels of effectiveness in the exercise of oversight; and (iii) increase the opportunities for citizen participation.				
<b>Special contractual conditions precedent to the first disbursement of the financing:</b> The executing agency will provide evidence, to the Bank's satisfaction, that: (i) the program execution unit (PEU) has been created by Comptroller Resolution; (ii) the program has been assigned to the PEU by Comptroller Resolution, and the PEU members have been formally appointed: program manager and four specialists (financial, procurement, planning and monitoring, and information technology); (iii) the program <a href="#">Operating Regulations</a> have entered into force on the terms agreed upon with the Bank; and (iv) the program management committee has been established by Comptroller Resolution, and its members have been appointed: deputy comptroller, planning office chief, program manager, systems office chief, and administration and finance manager (see paragraph 3.6).				
<b>Exceptions to Bank policy:</b> None.				
Strategic Alignment				
Challenges: <sup>(e)</sup>	SI <input type="checkbox"/>		PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: <sup>(f)</sup>	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

<sup>(a)</sup> Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

<sup>(b)</sup> Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

<sup>(c)</sup> In keeping with document FN-729 (Strategy and Operational Readiness for the Execution of the LIBOR Transition for the IDB Balance Sheet) and document CF-257-1 (Base Rate Replacement for Sovereign Guaranteed LIBOR-based Loans), this loan will be subject to the SOFR-based interest rate upon notification to the borrower by the Bank, pursuant to the provisions of the loan contract.

<sup>(d)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

<sup>(e)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(f)</sup> GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem to be addressed, and rationale

#### 1.1 Impact of COVID-19 on Colombia's macroeconomic and social conditions.

The pandemic has had a major economic, social, and health impact. The economy contracted 6.8% in 2020, the worst decline in GDP in the country's history. Poverty climbed from 35.7% in 2019 to 42.5% in 2020, while unemployment stood at 16% on average. The Fiscal Rule was suspended, clearing the way to increase the deficit to 7.8% of GDP, and the debt to 64.8% of GDP. When the proposed tax reform was tabled in April 2021, Standard & Poor's and Fitch Ratings revoked Colombia's investment grade status. Even so, the country still has access to international financing, now that its unrestricted access to the Flexible Credit Line of the International Monetary Fund has been ratified. Following a national consensus process, Congress approved a new tax reform bill called the "Social Investment Law," which is expected to bring in 1.4% of GDP, emphasizing the austerity of public spending, the fight against tax evasion, and changes in the corporate tax. By 2021, the Government expects growth of 7.0% or more (4.3% in 2022) [1].<sup>1</sup>

#### 1.2 The Office of the Comptroller General of the Republic (CGR) is the supreme fiscal oversight authority of the State and an agency of constitutional rank. The CGR has administrative and budgetary autonomy; its head is appointed by an absolute majority of the Full Session of Congress [2] for a term of four years; and it is one of the independent, autonomous agencies of the State, alongside the Public Ministry prosecutorial agency, National Electoral Council, Bank of the Republic, and National Television Commission. The CGR is also empowered to submit bills to Congress and directs the National Fiscal Oversight System with support from the Office of the Auditor-General of the Republic (AGR). According to the 1991 Constitution, its principal mission is to exercise fiscal oversight, consisting of a public responsibility to oversee, on behalf of the citizenry, the fiscal management of the administration and the individuals and entities managing the nation's funds or assets.<sup>2</sup> The CGR's core authority includes: (i) reviewing the reasonableness of the financial statements of parties subject to fiscal oversight; (ii) determining to what extent these parties meet their objectives and see their plans, programs, and projects through to completion; (iii) imposing monetary penalties based on the exercise of fiscal oversight; (iv) acting to recover public funds; and (v) actively engaging citizens in the oversight of public management.

#### 1.3 The powers vested in the CGR by the Constitution make it a key institution in promoting and strengthening the rule of law in Colombia. The superior oversight institutions—known generally as comptrollers, auditors, or courts of accounts—have a long tradition in the political systems of Latin America and the Caribbean. They are a key component of the accountability system, essential to complement the checks-and-balances role of the separation of powers in democratic

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<sup>1</sup> For bibliographical references, see [optional link 7](#).

<sup>2</sup> Article 267 of the 1991 Constitution establishes that: "Fiscal oversight is a public function to be exercised by the CGR, which oversees the fiscal management of the administration and of the individuals or entities managing the funds or assets of the Nation." Source: [CGR](#).

systems [3]. The specialized nature of these bodies makes it possible to remedy the intrinsic limitations of the balance of powers, allowing ongoing technical oversight spanning the full exercise of government functions [4].

- 1.4 The Constitution also established that fiscal oversight would be on a selective and ex post basis and limited to national entities. However, in 2019 Legislative Act 04 introduced a major reform of the oversight system then in effect,<sup>3</sup> granting the CGR new powers better enabling it to monitor public resource management in a timely, comprehensive manner. These changes represent challenges, but also opportunities.
- 1.5 The new powers are intended to allow the CGR to take more preventive action vis-à-vis the sources and uses of public resources, stepping in long before the harm to the public purse is done and irreversible. Accordingly, the CGR now has the authority to intervene preventively and concurrently,<sup>4</sup> to monitor execution and procurement with public funds in timely fashion. This new mandate substantially expands the ways in which the CGR can exercise fiscal oversight.
- 1.6 The reform also established that fiscal management oversight can occur at all administrative levels and with respect to all types of public resources. Accordingly, the CGR is no longer limited in its actions to national entities but now has authority extending to subnational entities, over which it can exercise preferential and concurrent oversight.<sup>5</sup> Subnational entities include district, municipal, and departmental governments, as well as local public entities established by them or by the national government that manage public resources.
- 1.7 In practice, this reform entails expanding from a universe of 1,711 entities subject to oversight to a new possible scenario of 5,677 entities, which represents a dramatic change in the CGR's scope of action.<sup>6</sup> Although broadly deployed subnationally—in addition to its headquarters in Bogota, the CGR has 31 departmental offices distributed according to the country's political/administrative divisions<sup>7</sup>—the CGR had never overseen subnational entities. In addition to this challenge, the 2019 reform calls for the CGR to direct and implement the National Fiscal Oversight System, with support from the AGR. All this is intended to unify and standardize the supervision and oversight of Colombia's fiscal management.

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<sup>3</sup> A Legislative Act is issued by Congress to amend, add, or repeal an article or part of one in the Constitution of Colombia. See: [Legislative Act 04](#).

<sup>4</sup> Preventive oversight occurs prior to contract execution, and concurrent oversight during contract execution.

<sup>5</sup> Preferential oversight is exercised on a “reach-down” basis or superseding the actions of a subnational comptroller's office.

<sup>6</sup> For the 3,966 new entities subject to oversight at the subnational level, the CGR has discretion to exercise preventive or concurrent oversight.

<sup>7</sup> The CGR has 7,782 employees, including 5,035 in-house staff, 264 contractors, and 2,483 decentralized employees. Source: Ernst & Young report.

- 1.8 Additionally, the COVID-19 outbreak led to changes in public procurement and contracting models. First, the pandemic response required the investment of a large volume of resources [5]. From January to May 2020, 17% of public procurement (US\$932 million) was for supplies or services related to COVID-19. Second, a marked increase was seen in procurements using emergency procedures. Of 19,882 COVID-19-related contracts entered into at the national level between March and July 2020, 85% were via direct contracting [6]. Likewise, 36% of contracts under the direct modality cited grounds of manifest urgency. The combination of these two factors—large procurement volumes and use of noncompetitive mechanisms—raises the risks of corruption. These patterns are also reflected at the subnational level. For example, the percentages of contracts executed under the direct modality were 89% in Caldas, 84% in Atlántico, and 83% in Bolívar [7].
- 1.9 In recent years, the CGR has worked hard to improve the effectiveness of its operations. With Bank support<sup>8</sup> (see paragraph 1.19), improvements were made in the strategic planning cycle; the general planning for audits; and the process and results of financial, performance, and compliance audits. However, despite these gains, there are still gaps in effectiveness that pose challenges for the institution. The new functions, expanded authority, and the challenging context of the pandemic make capacity-building of the CGR necessary for the new scope of its oversight. The strategy proposed in this operation to achieve these objectives is to design a digital transformation program enabling the CGR to improve its productivity, increase its effectiveness, and rescale its strategy for citizen participation.
- 1.10 This aligns with the objectives of country's 2018-2022 National Development Plan [8], particularly the Pact for Effective Public Management, which seeks to improve management efficiency and productivity and the capacities of public entities, as well as to achieve a government that is productive, effective, and responsive to citizens with staff trained in ethics. It also contributes to the Pact for Women's Equity, whose objective is the economic, political, and social empowerment of women ([optional link 5](#)).<sup>9</sup> Lastly, this operation is aligned with the Pact for Digital Transformation, which seeks to improve interactions between public institutions and citizens and foster the digital transformation of public administration through digitalization, mass automation of transactions, and platform interoperability by leveraging emerging technologies, digital security, and digital talent training [9]. Additionally, digital transformation (reducing in-person transactions and the necessary travel) and purchasing equipment that meets high energy-efficiency standards (reducing energy use per transaction) contribute to meeting the country's commitments to climate change mitigation.

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<sup>8</sup> Through loan 3593/OC-CO for US\$30 million, approved in 2015, which has now completed execution, the Bank supported the areas of institutional planning, information management, and promotion of transparency.

<sup>9</sup> Since women are concentrated in more vulnerable sectors with low productivity, the crisis is expected to disproportionately impact their employment. Organization of American States/Inter-American Commission of Women, 2020. [COVID-19 in Women's Lives](#).



- 1.11 **Problems and challenges.** The main problem is the effectiveness gap in exercising fiscal oversight, in light of the new scope of authority and the specific context created by the pandemic [10]. The main challenges identified are as follows:
- 1.12 **Productivity gaps interfering with performance of the new functions.** The CGR faces a new scenario in which it needs to step up efforts with existing resources to cover a potential increase of more than 300% in the number of public entities it oversees. The existing low automation of process-based management<sup>10</sup> poses an obstacle in generating efficiencies in terms of information management times and costs.<sup>11</sup> To date, only 4.7% of processes have been automated (6 of 42) [12]. Limited automation causes delays and prevents the efficient performance of systems, because of their manual nature and lack of electronic authentication mechanisms. The gains made in automating the audit process, for example, enabled the automation of 125 tasks out of a total 852, shortening processing times [11]. In addition, the absence of data standards creates problems with the quality of the data processed by the institution. According to 2020 data, the “completeness” of the information received was 69.2%.<sup>12</sup> Likewise, international organizations such as the International Organization of Supreme Audit Institutions (INTOSAI) have recommended that supreme audit institutions increase the quality, availability, and openness of their data [13]. Along this line, the productivity of the CGR is impacted by the low quality of the information received from the entities subject to oversight<sup>13</sup> and its limited integration and interoperability [14].
- 1.13 **Effectiveness gaps in timely execution of the new preventive and concurrent functions.** Although considerably improved in recent years, the CGR still has limited capacity to monitor and follow up on the information it produces. For instance, only 24% of the alerts prepared by the Office of Information, Analysis, and Immediate Reaction (DIARI) are tracked. Moreover, the capacity to process and analyze information for decision-making is limited. Currently, analytics maturity is in the early stages, with only 5 of the 24 analytics models projected by the CGR generating alerts [15]. To effectively deploy its new preventive oversight functions, the CGR must improve its ability to track these alerts and expand the number of entities subject to such oversight, closing the effectiveness gap. The potential of the new preventive function was demonstrated during a pilot test in 2020 for procurement associated with COVID-19. Based on alerts generated by the CGR for alleged cost overruns, a

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<sup>10</sup> The CGR has promoted process-based management, but this is currently at an early stage of implementation.

<sup>11</sup> The information technology infrastructure available now is robust as a result of the previous operation (loan 3593/OC-CO). The low automation of process-based management is related not to a lack of technology infrastructure, but to the insufficient use of technology to automate transactions and services.

<sup>12</sup> Data quality is understood as the characteristics of a set of information included in a database. Among its attributes are the necessary accuracy, completeness, integrity, currentness, consistency, relevance, accessibility, and reliability to be useful for processing, analysis, and other user purposes. Source: <https://www.powerdata.es/calidad-de-datos>.

<sup>13</sup> With the increase in entities subject to oversight, the integration and interoperability coverage is only 3.9%. Source: Data provided by the CGR during the identification mission.

group of contracts worth US\$141 million was reviewed, yielding savings of US\$10.9 million.<sup>14</sup>

- 1.14 The CGR has made progress in the design and implementation of a policy on cybersecurity gaps. However, because of the expanded authority and number of entities subject to oversight, there is a need to update the tools used to ensure the integrity and confidentiality of data, both internal and from third parties, that the CGR manages and processes.<sup>15</sup> The CGR currently utilizes 48 internal information systems (three of them strategic), 32 third-party systems, and 222 external databases. The information managed is highly sensitive, and the CGR is fully dependent on the integrity and availability of its data and systems to perform its functions, which potentially poses high risks. Its current level of cybersecurity maturity was assessed as medium, which is regarded as lower than necessary based on the risk level.<sup>16</sup> The cybersecurity strategy will strengthen its capacities to a high level of maturity in keeping with the risks faced by the institution.
- 1.15 **Gaps in citizen participation and integrity.** Although the CGR has achieved remarkable progress in fostering mechanisms to promote citizen participation, the new scope of its authority, coupled with the pandemic, pose significant challenges for innovating and achieving higher levels of societal oversight in the fiscal cycle and communication with citizens.<sup>17</sup> For instance, the citizen audit committee initiatives known as “veedurías ciudadanas”<sup>18</sup> declined 72% in 2020 from 2019 and were unevenly distributed among the country’s 32 departments.<sup>19</sup> There are also opportunities to strengthen citizen participation levels through digital channels. Of the citizen requests received by the CGR in 2020, 61% were by postal mail, 19% by email, and 18% via Internet [16]. There is also a gender gap in citizen participation. The Citizen Services Office (DAC) reported that 60% of the people it had interactions with were men ([optional link 5](#)) [17]. The citizen response and communication activities to handle requests and provide information about the CGR’s responsibilities and findings also pose challenges and require an increased presence on social networks and more modern media. There are also few open databases published, and reports are outdated.<sup>20</sup>

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<sup>14</sup> Contracts reviewed between February and May 2020. The exchange rate used is from 3 March 2021.

<sup>15</sup> For example, tools for monitoring processes (Security Operations Center) and incident response (Computer Security Incident Response Team).

<sup>16</sup> Diagnostic assessment prepared by the project team on the analysis mission ([optional link 3](#)).

<sup>17</sup> A study in Peru showed savings of 5% to 10% on public works with citizen oversight. Lagunes, 2017. [Guardians of Accountability](#).

<sup>18</sup> Citizen audit committees are an oversight and participation legal institution under Colombian law, governed by Law 850 of 2003. According to the law, all citizens, plurally or through civil organizations, can form citizen audit committees. They must register as such with a specific purpose of public management oversight.

<sup>19</sup> Based on CGR data, in 2019 there were 166 citizen audit committees distributed across 25 departments. In 2020, these numbers had fallen to 47 citizen audit committees across 16 departments.

<sup>20</sup> The [open data](#) microsite has a total of 10 published databases, and the microsite for the [Comptroller-Delegate for Citizen Participation](#) contains outdated monitoring reports from 2017 (website accessed on 26 February 2021).

- 1.16 The CGR has acknowledged the importance of the 2030 Agenda of the United Nations. Through the INTOSAI Development Initiative, processes and mechanisms are being adopted, and the necessary resources and capacities identified, to ensure the implementation of the Sustainable Development Goals (SDGs).<sup>21</sup> Also, the CGR and other supreme audit institutions of the region participated in a coordinated audit to evaluate how prepared the governments of Latin America are to implement SDG 5 on gender equality ([optional link 5](#)).
- 1.17 The issues of integrity within the institution, expansion of authority, and creation of new positions will require strengthening of internal controls on integrity and conflicts of interest. Processes related to disqualification<sup>22</sup> and discipline<sup>23</sup> need support for their digitalization and systematization. Moreover, the lack of information disaggregated by gender and diversity reflects a structural problem at the institution. The CGR lacks the information disaggregated by gender and the necessary diversity variables (such as indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations) to become more familiar with the population's needs with a differentiated approach. For example, the open data portal does not include disaggregated data, and the employee search function on the main website does not allow filtering by gender.<sup>24</sup> There is also a need to modernize training programs on digital topics and to implement a cultural change strategy at an institution that has approximately 6,400 employees with an average age near 50. Furthermore, given the universe of public employees working at the CGR, training programs need to consider the gender gap<sup>25</sup> and the diversity gap (indigenous peoples and Afro-Colombians)<sup>26</sup> in technology access and use ([optional link 5](#)).
- 1.18 **Empirical evidence.** In Colombia, the use of analytical tools applied to preventive fiscal oversight, while still in early stages, has shown positive results. From February to May 2020, the CGR issued 302 alerts for possible overpricing in procurement and contracting connected to the COVID-19 pandemic. Moreover, the literature also indicates that citizen participation mechanisms have a positive impact, for example, on the efficiency of public expenditures through monitoring of public works. Recent studies in Peru suggest that these practices have a significant, positive impact on reducing cost overruns for works outsourced to construction companies [18]. They also show savings of between 5% and 10% in public works with citizen monitoring [19].

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<sup>21</sup> The CGR is currently participating in a pilot plan for auditing the implementation of the SDGs, which is expected to conclude at year-end 2021.

<sup>22</sup> Disqualifications are cause for withdrawal when the auditor previously worked at the audited entity or has relatives by consanguinity or affinity who work there.

<sup>23</sup> There are currently 400 disciplinary investigations.

<sup>24</sup> Information gathered during the analysis mission ([optional link 3](#)).

<sup>25</sup> In Colombia, 60% of men and 49% of women have Internet access (see the Gender and Diversity Annex for more information). Agüero, Bustelo, and Viollaz, 2020. [¿Desigualdades en el mundo digital? Brechas de género en el uso de las TIC.](#)

<sup>26</sup> Indigenous persons have less Internet access at home than the average for the Colombian population; only 6.4% of indigenous persons have Internet access at home. In Colombia's Afro-communities, about 27% of the population has Internet access at home, which is below the national average (43%). National Administrative Department of Statistics (DANE), 2018. [National Population and Housing Census 2018.](#)

- 1.19 **The Bank's sector experience in Colombia.** With the Program for the Institutional Strengthening of the Office of the Comptroller General of the Republic (loan 3593/OC-CO), approved in 2015 and recently concluded satisfactorily, the Bank provided the CGR support to strengthen the fiscal oversight system. Oversight capabilities were strengthened by: (i) implementing a new approach to fiscal oversight that enabled the adoption of international best practices issued by INTOSAI, as a result of which the CGR scored 3 out of 4 on the latest performance assessment (the highest among the region's supreme audit institutions); (ii) improving the quality of oversight actions, particularly in financial audits; and (iii) increasing the efficiency of oversight actions, measured as increased coverage of microfiscal control audits in response to citizen requests and improved performance of the website for citizens [20]. Other notable achievements included: (i) implementation of a quality control system for audits, which is unique in the region; (ii) capacity-building for implementation of the new model for participatory fiscal oversight and complaints, as well as the inclusion of persons with hearing or visual disabilities; (iii) implementation of the open-data strategy, which makes a Web portal available to citizens for this purpose, as well as digital tools for participation and dialogue through mobile sites; and (iv) capacity-building for technology (infrastructure and services) and operations (enterprise architecture, business intelligence, etc.), laying the foundations for the next stage of digital transformation. Moreover, the Bank has experience in institutional strengthening and modernization with the other oversight entities in Colombia, including the Inspector-General's Office (loans 4443/OC-CO of 2017, 2249/OC-CO of 2011, and 1459/OC-CO of 2003) with the implementation of a new disciplinary oversight model and the development of technology tools for prospective analysis; and the Ombudsman's Office (4550/OC-CO of 2018) with the development of georeferenced tools for decision-making.
- 1.20 **The Bank's experience in the region and lessons learned.** The Bank has gained valuable knowledge from similar operations to strengthen and modernize oversight entities in countries such as Peru (loans 2969/OC-PE of 2013 and 4724/OC-PE of 2018), Ecuador (3120/OC-EC of 2014), Jamaica (3121/OC-JA and 3122/CH-JA of 2013), and Chile (1391/OC-CH of 2002). From this regional and national experience in the sector, there are four lessons learned that are relevant to this operation. First, it is important to start managing cultural change as early as possible. This has been built into this operation through the design and implementation of a cultural change management and ongoing digital training strategy that will be used across the three components (see paragraph 1.28). Second, it is important to strengthen policies and tools to improve the quality of data as inputs for managerial decision-making. This was reflected in the program by including a data governance model and defining data standards (see paragraph 1.26). Third, it is advisable to prepare comprehensive diagnostic assessments of the operation's priorities and requirements in advance before planning the work execution timetable. This will be addressed through the technical cooperation operation accompanying this program, which will help identify some of this operation's requirements related to capacity-building for governance and implementation of digital transformation processes (see paragraph 1.32). Fourth, the development of georeferenced tools to generate data analytics for decision-making deliver value-added. This lesson was

accommodated by including georeferencing and analytics tools to make the CGR more effective in fiscal oversight through data mining (see paragraph 1.27).

1.21 **Complementarity with other IDB Group operations in the country.** This loan and the Program for the Digital Transformation of Justice in Colombia (loan 5283/OC-CO), approved in June 2021 for US\$100 million, are highly complementary among the Bank's efforts to promote the digital transformation of the country's public management. That loan's objective is to make the justice system more effective, efficient, and transparent through the specific objectives of: (i) more effective management of judicial processes; (ii) more efficient management of judicial processes; and (iii) more transparent management of judicial processes. Two operations focused on digital transformation executing at the same time will create an environment that facilitates the sharing of experiences and know-how in the sector. From a technological standpoint, the reforms promoted by the two operations will enable the exchange of information related to criminal and administrative processes. Moreover, progress with respect to digital records will allow portability of records between institutions. Loan 5283/OC-CO is the first operation under the conditional credit line for investment projects (CCLIP) for the Digital Transformation of Justice in Colombia, which has a total value of US\$500 million. As a pioneering operation, it can demonstrate the great potential of this type of instrument in contributing to the consolidation of complex reforms in this challenging sector, as well as improving the alignment and coordination of sector policies between executive and judicial branch actors.

1.22 **Strategic alignment.** The operation is consistent with the second Update to the Institutional Strategy 2020-2023 (document AB-3190-2) and aligned with the development challenge of productivity and innovation through the objective of establishing institutional frameworks that can deliver broad-based, quality services for citizens by adopting technologies such as data analytics and artificial intelligence. The program is also aligned with the crosscutting themes of: (i) gender equality, by promoting the disaggregation of data based on gender criteria, increased participation for women in fiscal oversight, and increased citizen participation in the oversight of policies that impact women and girls (see paragraphs 1.26 and 1.28); (ii) diversity (indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations), by promoting data analysis based on diversity criteria in order to close the gaps identified and provide the right information for more inclusive decision-making (see paragraphs 1.26 and 1.28); (iii) institutional capacity and rule of law, by strengthening the CGR's capacity to perform its functions more effectively and transparently (see paragraphs 1.26, 1.27, and 1.28); and (iv) climate change, by reducing greenhouse gas emissions through the prioritization of installation of digital systems with the best energy-efficiency features, and reduction of the number of trips through digitalization of processes (see paragraph 1.27). According to the [multilateral development banks' joint methodology for tracking climate finance](#), 28.01% of the IDB financing for this operation will result in climate change mitigation ([optional link 6](#)). These resources contribute to the IDB's climate finance goal (30% of the volume of annual approvals). The program will also contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the following indicators: (i) countries with

- strengthened tax and expenditure policy and management; (ii) agencies with strengthened digital technology and managerial capacity; and (iii) agencies with strengthened transparency and integrity practices, by promoting better use of public resources, deepening technology adoption, and promoting new transparency and integrity practices.
- 1.23 This operation is also aligned with the Sector Strategy: Institutions for Growth and Social Welfare (document GN-2587-2) as it relates to strengthening the country's oversight systems, since it will make the CGR more effective. It is consistent with the Transparency and Integrity Sector Framework Document (document GN-2981-2), which prioritizes the strengthening of oversight agencies. In addition, this operation is aligned with the priorities of the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), specifically the following lines of action: (i) gendered adaptation of public services; (ii) human capital development with a gender focus; and (iii) gender institutional capacity. It is also aligned with the Diversity Action Plan for Operations 2019-2021 (document GN-3001). The program is aligned with the IDB Group Country Strategy with Colombia 2019-2022 (document GN-2972), under its strategic objective of raising the quality of expenditure and public investment management capacity at all levels of government, since strengthening the CGR's oversight capacity will enable better use of public resources. Lastly, this operation is included in the Update of Annex III of the 2021 Operational Program Report (document GN-3034-2).
- 1.24 **Technological innovation.** This operation fosters the digital transformation of the CGR, which includes the adoption of technological innovations focused mainly on: (i) process automation (see paragraph 1.26); (ii) data mining with advanced analytics (see paragraph 1.27); (iii) use of artificial intelligence (see paragraph 1.27); and (iv) implementation of data standards for interoperability and citizen services (see paragraph 1.28). To minimize the risk of resistance to technology changes, the program includes activities to manage cultural change and promote adaptation to new tools.
- B. Objectives, components, and cost**
- 1.25 **Objective.** The general objective of the program is to increase the effectiveness of the fiscal oversight exercised by the Office of the Comptroller General of the Republic (CGR). The specific objectives are to: (i) increase the CGR's productivity to perform its new functions effectively; (ii) increase the levels of effectiveness in the exercise of oversight; and (iii) increase the opportunities for citizen participation.
- 1.26 **Component 1. Institutional capacity-building for digital transformation (US\$9,200,000).** This component seeks to support improved productivity by: (i) developing and implementing a digital transformation strategy;<sup>27</sup> (ii) designing and implementing a data governance model and setting standards based on the new scope of authority, enabling data disaggregation based on gender and diversity (indigenous peoples, Afro-Colombians, persons with disabilities, and

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<sup>27</sup> This activity will include digital skills training for personnel, which will be incorporated gradually into the CGR in areas requiring the use of the digital tools proposed in this operation.



other diverse populations), thereby enhancing databases in order to become more familiar with the population's needs and meet them with an inclusion lens; (iii) designing and implementing a semantic model associated with the data and information;<sup>28</sup> (iv) building capacity for process-based management; (v) implementing process automation; (vi) developing a strategy for interoperability with external stakeholders, such as entities subject to oversight and agencies including the National Public Procurement Agency, the Ministry of Finance, and the National Planning Department (DNP) (see paragraph 3.4); (vii) designing and implementing the risk model for fiscal oversight;<sup>29</sup> (viii) implementing a lifecycle and management model for digital identity and electronic certificates;<sup>30</sup> and (ix) designing and implementing the digital rights management model.<sup>31</sup>

- 1.27 **Component 2. Strengthening of digital tools for fiscal oversight (US\$15,000,000).** This component seeks to build the CGR's capacity to conduct more effective oversight by adopting digital tools, including: (i) implementing a system for monitoring, tracking, control, and evaluation of the fiscal oversight cycle for decision-making; (ii) developing the georeferenced map for fiscal oversight;<sup>32</sup> (iii) implementing mechanisms for remote fiscal oversight;<sup>33</sup> (iv) designing a methodology to establish working guidelines for information management and data analytics; (v) strengthening the analysis processes for enforcement and preventive and concurrent fiscal oversight; (vi) designing and implementing a data lake model based on big data;<sup>34</sup> (vii) implementing a metasearch engine based on natural language processing;<sup>35</sup> (viii) strengthening

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<sup>28</sup> Semantic models are descriptions of the data or information in a structured model, usually XML or a similar format. They are used to describe data or information in a structured manner, in addition to being able to associate it with metadata, i.e., data that describes other data. Each of the nodes can also be limited with respect to the values it can take. This is very useful when trying to standardize as much as possible, to make information interoperable in an automated manner.

<sup>29</sup> The risk model identifies vulnerabilities and threats based on the entities subject to oversight, contractual considerations, investment projects and royalties, complaints and citizen participation, internal control reports, and fiscal findings.

<sup>30</sup> Digital identity is the online version of a person's physical identity. An electronic certificate is a document signed electronically by a certification service provider that link signature verification data (public key) to a signer and confirms their identity.

<sup>31</sup> Digital rights are those allowing people to access, use, create, and publish digital media, as well as access and utilize computers, other electronic devices, and communication networks of the CGR.

<sup>32</sup> Currently, only DIARI's activities are georeferenced. The entire fiscal oversight cycle is not covered. For example, this does not include audit locations, critical entities, citizen audit committees, and asset recovery cases.

<sup>33</sup> These are mechanisms to perform supervision and oversight actions using digital methods in geographically remote locations. Among other things, less work travel as a result of remote audits will reduce greenhouse gas emissions. For example, the CGR's air travel is associated with emissions of an estimated 500 tons of carbon dioxide equivalent per year. If 30% of audits are performed remotely, emissions could be reduced by 150 tons of carbon dioxide equivalent per year.

<sup>34</sup> A data lake is a centralized data repository that can contain vast amounts of raw (unprocessed) data, both structured (conventional databases) and unstructured, and makes data available on demand. The data are described using metadata, which identify the data set to which each piece of data corresponds.

<sup>35</sup> The search engine uses an algorithm with the ability to learn and process sentences in natural language, using artificial intelligence techniques to select and respond to the questions asked.

information and communications technology management, infrastructure, and services with an energy-efficient and emissions-reduction approach;<sup>36</sup> and (ix) designing and implementing a cybersecurity strategy.

- 1.28 **Component 3. Citizen focus and integrity (US\$4,000,000).** This component seeks to increase citizen participation and integrity in the fiscal oversight cycle by: (i) designing and implementing a strategy for citizen services, relationship-building, and participation, including indigenous peoples and Afro-Colombians, to close the identified gender and diversity gaps; (ii) designing and implementing, as a management tool, a dashboard with indicators of gender and diversity (indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations), in order to become more familiar with people's needs with an inclusion lens; (iii) designing and implementing a traceability system for citizen complaints or requests;<sup>37</sup> (iv) supporting the implementation of an SDG audit methodology with emphasis on SDG 5; (v) designing and implementing a strategy to strengthen integrity oversight monitoring; (vi) designing and implementing a strategy to deepen awareness of citizen audit committees; and (vii) designing and implementing a strategy for cultural management of change and ongoing digital training that will be used across the three components and will mainstream gender and diversity (indigenous peoples and Afro-Colombians).<sup>38</sup>
- 1.29 **Program administration expenditures (US\$1,800,000).** The resources for this component will finance the remuneration of the program execution unit (PEU) staff; the midterm, final, and impact evaluations; and the program's annual audits. These costs were estimated based on previous operations.
- 1.30 The expenditure categories to be covered by the program include procurement of goods, services, and consulting services.

**Table 1. Expenditure categories**

Category	Amount (US\$)	%
Consulting firms	23,200,000	77.3
Goods/Nonconsulting services	5,800,000	19.3
Individual consultants	1,000,000	3.4
<b>Total</b>	<b>30,000,000</b>	<b>100</b>

- 1.31 **Beneficiaries.** The main beneficiaries will be the citizens who will benefit from the savings generated through more timely and effective interventions by the CGR in the fiscal oversight cycle, as well as from more opportunities to

<sup>36</sup> Information and communications technology services include help desk, support, incident management, maintenance, security monitoring, and cloud services.

<sup>37</sup> Combined with new data standards, this will make it possible to disaggregate requests by gender and diversity criteria (indigenous peoples and Afro-Colombians).

<sup>38</sup> This strategy will include communication activities and training sessions targeting female employees as well as employees of both genders living in the territories with the largest percentage of indigenous and Afro-Colombian populations.



participate in this cycle. The second group of beneficiaries are women, young women, and girls, as well as diverse populations (indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations), who will benefit from the CGR's increased capacity to: (i) generate data disaggregated by gender and diversity criteria; (ii) make decisions based on this data during the fiscal oversight cycle; and (iii) implement an inclusive, diverse strategy for citizen services, relationship-building, and participation. The third group are the entities subject to oversight, which will use their resources more efficiently. Lastly, national and subnational public entities will benefit from the exercise of improved fiscal oversight.

- 1.32 **Technical cooperation.** The program will be accompanied by technical cooperation operation ATN/OC-18655-CO, for US\$150,000, to support implementation of the digital transformation of the CGR, which will: (i) identify advances in the most recent digital tools for fiscal oversight; (ii) analyze good practices in change management and capacity-building for implementation of digital transformation programs; and (iii) carry out activities to facilitate the adoption of digital tools for fiscal oversight. This will facilitate the program's launch by incorporating comparative experiences and support for cultural change from the outset.

#### **C. Key results indicators**

- 1.33 **Expected outcomes.** To achieve the general development objective, the program will seek to increase the fiscal savings generated through the CGR's improved capacity to exercise fiscal oversight. At the level of specific development objectives, the operation is expected to: (i) increase the CGR's productivity to perform its new functions effectively; (ii) increase the levels of effectiveness in the exercise of oversight; and (iii) increase the opportunities for citizen participation through digital channels. These outcomes will be evaluated respectively with the following indicators: (i) proportion of tasks automated; (ii) proportion of alerts tracked out of total alerts; and (iii) percentage of citizen participation conducted through digital channels.
- 1.34 **Economic analysis.** The program's benefits result from the savings generated by a higher level of effectiveness of the CGR's preventive oversight function. The economic analysis found a cost-benefit ratio of US\$1.78 per dollar invested, an internal rate of return of 28.4% (exceeding the 12% threshold set by the Bank), and a net present value of US\$19,340,671. In the most conservative scenario, the social internal rate of return is 19.52% and the cost-benefit ratio is US\$1.33. In the most favorable scenario, the social internal rate of return is 36.6% and the cost-benefit ratio is US\$2.22. The program has a high social return even under conservative scenarios (see [Economic analysis](#)).

## **II. FINANCING STRUCTURE AND MAIN RISKS**

#### **A. Financing instruments**

- 2.1 This operation is structured as a specific investment loan, since it will finance a program with interdependent components, as well as defined objectives and budget. The program cost will be US\$30 million, fully financed from the Bank's

Ordinary Capital (OC) resources. Table 2 shows the consolidated budget by component.

**Table 2. Estimated program costs (US\$ millions)\***

<b>Components</b>	<b>IDB (OC) Total</b>	<b>%</b>
<b>Component 1. Institutional capacity-building for digital transformation</b>	<b>9.2</b>	<b>30.7</b>
Data governance	0.8	2.7
Process automation and management by results	4.4	14.7
Interoperability model, risks, and digital identity	4.0	13.3
<b>Component 2. Strengthening of digital tools for fiscal oversight</b>	<b>15.0</b>	<b>50.0</b>
Monitoring, georeferencing, and remote fiscal oversight	4.3	14.3
Data analytics tools	4.5	15.0
ICT infrastructure and cybersecurity	6.2	20.7
<b>Component 3. Citizen focus and integrity</b>	<b>4.0</b>	<b>13.3</b>
Citizen participation	2.1	6.9
Integrity	0.8	2.7
Cultural change management	1.1	3.7
<b>Program administration expenditures</b>	<b>1.8</b>	<b>6.0</b>
<b>Total</b>	<b>30</b>	<b>100</b>

\* The figures in this table are indicative.

- 2.2 The resources will be disbursed over four years (48 months) as shown in Table 3, with independent planning and budget allocation for each year. The execution period for this operation will be the same, based on experience executing similar operations in Colombia. For reference, the first loan with the CGR (loan 3593/OC-CO) was executed satisfactorily in four years, indicating that the entity has the necessary execution capacity for the projected timeframe (see paragraph 1.18).

**Table 3. Tentative disbursement schedule (US\$)**

<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<b>IDB (OC)</b>	2,812,301.59	10,744,315.48	11,539,315.47	4,904,067.46	30,000,000
<b>%</b>	9.37	35.82	38.46	16.35	100

## **B. Environmental and social safeguard risks**

- 2.3 This operation was classified as category “C” under the Environment and Safeguards Compliance Policy (Operational Policy OP-703). The program will not finance any physical infrastructure component, so no associated environmental or social risks are foreseen.

## **C. Fiduciary risks**

- 2.4 A risk management assessment was performed as part of the design of the operation, using the Bank's methodology, with the involvement of CGR staff. No high or medium-high risks were identified in financial management or procurement. Nevertheless, it will be necessary to include detailed procedures for executing and documenting the budgetary, procurement, treasury, accounting, and financial information and reporting management for this operation in the program [Operating Regulations](#).

## **D. Other key risks and issues**

- 2.5 A medium-high economic and financial risk was identified that, if the impact of the COVID-19 pandemic on GDP affects tax revenue intake, the annual fiscal headroom for program execution may not be guaranteed. To mitigate this risk, there will be ongoing dialogue with the national authorities, such as the Ministry of Finance and the DNP, to ensure that this operation remains a priority. These agencies have been involved in the operation's identification and analysis missions. Work has also begun with each of the different national government authorities in relation to preparations for the National Economic and Social Policy Council (CONPES) and presentations to interparliamentary commissions. Also contributing to risk mitigation will be nonreimbursable technical cooperation ATN/OC-18655-CO (see paragraph 1.32) to support the CGR with readiness and inputs preparation tasks, so that activities can get up and running efficiently, while minimizing resistance to cultural change.
- 2.6 **Sustainability.** Strategically, program sustainability is reinforced because this operation responds to the reform introduced by Legislative Act 04 of 2019 and the Pact for Effective Public Management, which seeks to improve management efficiency and productivity and achieve a government that is effective and responsive to citizens with staff trained in ethics. The program also includes the development of information and communications technology procurement plans and services with an energy-efficient and emissions-reduction approach, as well as a cybersecurity strategy, to make the activities technically and financially sustainable in the medium term and once the program has ended. These activities will support planning and maintaining the sustainability and cybersecurity of technology investments through contributions in several different areas including budget, personnel, organizational governance, and data. For financial sustainability, the CGR is expected to maintain: (i) the existing investment projects in the DNP project pipeline; (ii) the projection of recurrent costs such as support, maintenance, and subscriptions for information technology services, to determine in advance the costs to be incurred; and (iii) hiring of the staff required for the new scope of authority with the CGR's own resources. The enterprise architecture and the digital transformation plan will also be updated, to scale the projects in such a way as to ensure the continuity and modernization of digital services. This will be supplemented with demand projections and planning for the information technology capacity associated with service-level agreements.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Colombia. The executing agency will be the Office of the Comptroller General of the Republic (CGR), with support from a program execution unit (PEU) reporting to the Comptroller's Office. The PEU team will have a core team consisting of a program manager, an information technology specialist, a procurement specialist, a planning and monitoring specialist, and a financial specialist with experience in multilateral banking matters, among its senior staff, as described in the program [Operating Regulations](#). The CGR will also create a program management committee for approval of procurement processes with the PEU serving as technical secretariat. The technical secretariat is responsible for calling and preparing meeting, drafting minutes, and ensuring that action is taken on the committee's decisions. The comptroller—who will be the program director, as the agency's top official for strategic decision-making—will lead the committee. The other members will be the deputy comptroller, the planning office chief, the program manager, the systems office chief, and the administration and finance manager.
- 3.2 **Institutional capacity of the executing agency.** The CGR's institutional capacity was assessed, as executing agency. The final result of that assessment suggests that the CGR has the capacity to execute the program. The fiduciary agreements and requirements establish the financial management and planning framework, as well as the framework for supervision and execution of relevant procurement processes for program execution. At the institutional level, the program management committee will coordinate the technical and operational units participating in program execution, including the offices of General Comptroller-Delegates, Sector Comptroller-Delegates, the Office of Information, Analysis, and Immediate Reaction (DIARI), and any others considered relevant.
- 3.3 **Program execution, administration, and coordination mechanisms.** The CGR, as executing agency, acting directly or through the PEU, will assume direct responsibility for the operation's financial management and procurement. Its main role will be the technical, administrative, and operational management of the program, including the following tasks: (i) submit evidence in due time and manner that the conditions precedent to the first disbursement have been fulfilled; (ii) conduct procurement and contracting of the goods and services approved by the program management committee; (iii) submit disbursement requests to the Bank; (iv) manage the external audit; (v) submit operational plans to the Bank (including the financial plan, [procurement plan](#), [annual work plan](#), etc.); (vi) deliver reports and other documents to the Bank (including audit, status, and evaluation reports); (vii) support the supervision and compliance monitoring of service contracts; (viii) act as a liaison and maintain formal communication with the Bank; and (ix) coordinate and cooperate with the relevant functional areas of the executing agency to achieve the program's objectives and its proper administration and accountability reporting.

- 3.4 **Interagency coordination.** The PEU team will perform the interagency strategic coordination functions required to effectively implement the program activities, especially in relation to the interoperability mechanisms under Component 1. This is supported by the following existing governance arrangements: (i) the CGR has constitutional powers to establish general rules to harmonize fiscal oversight systems for all national and subnational entities, and to unify and standardize the supervision and oversight of fiscal management (Article 268, Constitution of Colombia); and (ii) the interoperability criteria applied will be those established by the Ministry of Information Technologies for the country's entire public sector in the "[Marco de Interoperabilidad de Gobierno Digital](#)" [Interoperability Framework for Digital Government] and the "[Guía de Uso Común de Intercambio de Información y Conceptos Generales](#)" [Guide for the Common Use of Information Exchange and General Concepts]. These are tools to support public entities in developing their information exchange capacities.
- 3.5 The program [Operating Regulations](#) will be consistent with CGR and Bank policies and procedures, as well as with the laws and financial practices in force in Colombia. The document will contain at least: (i) the program execution and coordination mechanisms; (ii) the institutional, organizational, and functional framework; (iii) the programming, monitoring, control, and evaluation mechanisms, indicating the frequency and minimum content of monitoring reports; (iv) the financial management, budget, accounting, and payment mechanisms; (v) procurement management; and (vi) exchange control procedures.
- 3.6 **Special contractual conditions precedent to the first disbursement of the financing:** The executing agency will provide evidence, to the Bank's satisfaction, that: (i) the program execution unit (PEU) has been created by Comptroller Resolution; (ii) the program has been assigned to the PEU by Comptroller Resolution, and the PEU members have been formally appointed: program manager and four specialists (financial, procurement, planning and monitoring, and information technology) (see paragraph 3.1); (iii) the program [Operating Regulations](#) have entered into force on the terms agreed upon with the Bank (see paragraph 3.5); and (iv) the program management committee has been established by Comptroller Resolution, and its members have been appointed: deputy comptroller, planning office chief, program manager, systems office chief, and administration and finance manager (see paragraph 3.1). These conditions are regarded as essential to ensure effective program execution and for the borrower to demonstrate that it is prepared with an adequate technical and administrative team in place to begin execution of the operation.
- 3.7 **Procurement of goods, works, nonconsulting services, and consulting services.** Procurements financed in whole or in part with the Bank loan proceeds will be conducted in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), or their future updates. The [procurement plan](#) lists the procurements to be implemented during program execution.

- 3.8 **Disbursements.** The loan will be disbursed under the advance of funds modality. The frequency of advances will be determined on the basis of the program's financial programming, which will be updated periodically by the PEU. The Bank may process a new advance of funds when at least 80% of the total funds disbursed in the form of advances have been justified. The Bank will perform financial reviews of disbursement requests on an ex post basis, as anticipated in the external audit.
- 3.9 **Audits.** The program financial statements will be audited annually by an independent audit firm acceptable to the Bank, within 120 days after the close of each fiscal year of the program during the original disbursement period, or as extended, if necessary. The final audited financial statement report will be delivered within 120 days after the contractual date for the last disbursement. The last audited financial statement will be delivered within 120 days after the actual date of the last disbursement.

**B. Summary of arrangements for monitoring results**

- 3.10 **Monitoring by the executing agency.** The executing agency will use the following documents to monitor the program: (i) Results Matrix (Annex II); (ii) [multiyear execution plan](#); (iii) [monitoring and evaluation plan](#); and (iv) [procurement plan](#). The CGR will prepare six-monthly consolidated progress reports for review by the Bank, which will be sent no later than 30 days after the end of each six-month period.
- 3.11 The program activities will be carried out in accordance with a schedule implemented through the [multiyear execution plan](#), which contains the breakdown for execution of the entire program. The annual review of the schedule will be included in the respective [annual work plan](#). The multiyear execution plan will be amended each year, based on the actual progress made in the program. Annual reviews of the multiyear execution plan and annual work plan will be submitted to the Bank for approval.
- 3.12 **Monitoring by the Bank.** The Bank will conduct administration missions or inspection visits, depending on the importance and complexity of program execution, following the schedule in the [multiyear execution plan](#), which identifies the points in time when the Bank's technical supervision is deemed necessary. The Bank agrees that the executing agency will use the progress monitoring report.
- 3.13 Additionally, a joint meeting between the executing agency and the Bank will be held annually to discuss: (i) the progress of the activities identified in the [annual work plan](#); (ii) the level of compliance of the indicators established in the Results Matrix; (iii) the annual work plan for the following year; and (iv) the procurement plan for the following 12 months and possible changes to the budget allocations for each component. The executing agency agrees to maintain a program monitoring and evaluation system, as the basis for preparing the reports and data for delivery to the Bank. The PEU will have a specialist responsible for the functions of planning and monitoring its activities.
- 3.14 **Evaluation.** Achievement of the outcome and impact targets contained in the Results Matrix will be verified by means of midterm, final, and impact evaluations. The midterm evaluation will be conducted within 90 days after the date on which

50% of the loan proceeds have been disbursed, or 30 months after the entry into force of the loan contract, whichever occurs first. The final evaluation will be conducted within 90 days after the date on which 95% of the loan proceeds have been disbursed. Its objectives will be to verify achievement of the targets set for each of the expected outcomes and delivery of the outputs under each component. Once the project reaches 95% disbursement, the project completion report will be prepared and delivered within the following 90 days. The inputs for this report will be the regular status reports, Results Matrix indicators, audited financial statements, impact evaluation results, and other results obtained.

- 3.15 The objective of the impact evaluation will be to measure the program's outcomes and impact based on the guidelines agreed upon with the Bank. The [monitoring and evaluation plan](#) explains in detail the methodology to be followed, which includes: (i) a before-and-after analysis with trend for the outcome indicator, "number of citizen audit committees;" and (ii) a before-and-after analysis without trend for the impact indicator and the outcome indicators, "number of processes automated," "percentage of digitalization/automation of processes," "number of preventive alerts about alleged cost overruns," and "number of alerts monitored." This evaluation will be performed before the close of the operation and will be financed by the program.



Development Effectiveness Matrix		
Summary		CO-L1266
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Productivity and Innovation -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	Countries with strengthened tax and expenditure policy and management (#) -Agencies with strengthened digital technology and managerial capacity (#) -Agencies with strengthened transparency and integrity practices (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2972	To raise the quality of expenditure and public investment management capacity at all levels of government
Country Program Results Matrix	GN-3034-2	The intervention is included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.0
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		3.6
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.3
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		4.3
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting.  Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Technical Cooperation (CO-T1625) whose objective is to support the creation of the necessary conditions and finance the key inputs for the start of the activities of operation CO-L1266. It is being prepared independently of this operation.

**Evaluability Assessment Note: Program for the Digital Transformation of the Comptroller General of the Republic (CO-L1266)**

The general development goal is to increase the CGR's (by its acronym in Spanish) fiscal control effectiveness. To achieve this end, the loan defines a focus on three specific areas in which the project intervenes. The first seeks to increase the productivity of the CGR to adequately accomplish its new functions. The second is aimed at increasing the effectiveness in the exercise of fiscal control, while the third looks to increase the opportunities for citizen participation.

The loan proposal presents a solid diagnosis of the problem, based on the CGR's limited effectiveness in fiscal control, and considering its recently expanded commitments and the particular challenges brought about by the COVID-19 pandemic. The proposed solutions focus on increasing productivity through the improvement of institutional capacities for digital transformation, allowing to effectively counterbalance the effects of a potential increase of more than a 300% of the public entities they must monitor. Additionally, it proposes efficiency improvements through the application of digital tools for fiscal control, which allow saving opportunities of more than US \$ 10.9 million. Finally, it seeks improvements in the integrity of the fiscal control cycle through greater citizen participation and oversight of control activities, which have shown a drop of 72%.

The proposed solutions are appropriate to address the identified problems and their contributing factors. The results matrix (RM) is consistent with the vertical logic of the project. The outcome indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. All impact indicators are aligned with the overall objective.

The ex-ante economic analysis of the operation is appropriate, presenting reasonable and standard assumptions for this type of project and reasonable sensitivity analyzes. It is based on the benefits generated through the implementation of a higher level of effectiveness of the preventive control functions of the CGR. The analysis shows a positive net present value in the baseline scenario, as well as under various conditions included in the sensitivity analysis.

The monitoring and evaluation plan includes a before and after method considering a trend for the result indicator in the number of citizen oversights and without a trend for the impact and the result indicators in the number of automated processes, percentage of digitization/automation of processes, number of preventive alerts of suspected cost overruns, and number of alerts that received follow-up. All baseline variables will be based on administrative data. Monitoring and evaluation activities will be carried out by the CGR in coordination with the Bank.



## RESULTS MATRIX

<b>Program objectives:</b>	The general objective of the program is to increase the effectiveness of the fiscal oversight exercised by the Office of the Comptroller General of the Republic (CGR). The specific objectives are to: (i) increase the CGR's productivity to perform its new functions effectively; (ii) increase the levels of effectiveness in the exercise of oversight; and (iii) increase the opportunities for citizen participation.
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### General development objective

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
<b>General development objective:</b> Increase the effectiveness of the fiscal oversight exercised by the CGR							
Savings generated by renegotiating or cancelling contracts.	U.S. dollars	US\$11 million	2020	2025	US\$21.2 million	Baseline for 2020 plus benefits from the savings generated by renegotiating or cancelling contracts by 2025.  Source: Reports prepared by the CGR's Office of Information, Analysis, and Immediate Reaction (DIARI).	The target is based on the savings anticipated in the <a href="#">economic analysis</a> .

**Specific development objectives**

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
<b>Specific development objective 1:</b> Increase the CGR's productivity to perform its new functions effectively										
Indicator 1.1. Proportion of tasks automated.	Percentage	0	2020	2%	4%	6%	8%	8%	Average of automated tasks for the prioritized processes / Average of total tasks for the prioritized processes.  Source: Progress reports from the program execution unit (PEU) and progress reports from the CGR's Information Technology Office.	During the program's launch, four processes will be prioritized and targeted for automation. This target was based on experience from the previous operation with the CGR (loan 3593/OC-CO) in terms of the institutional, financial, and operational capabilities necessary to automate processes.
<b>Specific development objective 2:</b> Increase the levels of effectiveness in the exercise of oversight										
Indicator 2.1. Proportion of alerts tracked out of total alerts.	Percentage	25.8%	2020	25.8%	28.2%	30.8%	33.4%	33.4%	Number of alerts tracked for which the final outcome is known / Total number of alerts issued.  Source: Progress reports from the PEU, and data generated by the Planning Office in coordination with the Comptroller-Delegate Micro.	The baseline value for 2020 will be updated during the first phase of execution, since it only includes the period from January-May 2020.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
<b>Specific development objective 3:</b> Increase the opportunities for citizen participation through digital channels										
Indicator 3.1. Percentage of citizen participation conducted through digital channels.	Percentage	37%	2020	37%	39%	43%	47%	47%	Number of citizen requests sent via digital channels / Total number of citizen requests.  Progress reports from the PEU, and data from the Office of the Comptroller-Delegate for Citizen Participation (CDPC) and the Planning Office of the CGR.	The baseline includes information received through two channels: email and the CGR website. To measure the indicator, new digital channels can be added, such as social media. Data from Roseth, Reyes, and Santiso (2018) indicate that the highest levels of digital transactions in the region is 12%.

Outputs

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
<b>Component 1: Institutional capacity-building for digital transformation</b>										
1.1 Designed and implemented digital transformation strategy.	Strategy	0	2020	1	0	0	0	1	Document. Source: PEU and Planning Office.	
1.2 Designed and implemented data governance model and set standards based on the new scope of authority, enabling data disaggregation based on gender and diversity (indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations).	Model	0	2020	0	1	0	0	1	Document. Source: PEU and Planning Office.	Pro-gender and pro-diversity.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
1.3 Designed and implemented semantic model for documents and electronic records and their associated data.	Software	0	2020	0	0	0	1	1	Software designed and operating satisfactorily. Source: Systems and Information Technology Office (OSI).	
1.4 Designed and implemented process-based management strategy.	Strategy	0	2020	1	0	0	0	1	Document. Source: PEU and Planning Office.	
1.5 Designed and implemented process automation implementation strategy.	Software	0	2020	0	1	1	1	3	Software purchased and operating. Source: Planning Office and OSI.	
1.6 Designed and implemented interoperability strategy.	Strategy	0	2020	0	0	1	0	0	Document. Source: DIARI.	
1.7 Designed risk and alert model for the fiscal oversight cycle.	Software	0	2020	0	0	1	0	1	Software implemented and generating alerts. Source: Planning Office.	
1.8 Designed and implemented digital identity model.	Software	0	2020	0	0	1	0	1	Software and hardware purchased and implemented (operating). Source: Planning Office and OSI.	
1.9 Designed and implemented digital rights management model.	Software	0	2020	0	0	1	0	1	Software designed, installed, and operating (validating digital rights). Source: Planning Office and OSI.	

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
<b>Component 2: Strengthening of digital tools for fiscal oversight</b>										
2.1 Designed and implemented system for control, tracking, monitoring, and evaluation of the Fiscal Oversight and Control Plan.	System software	0	2020	0	0	0	1	1	Software developed, installed, and operating. Source: Planning Office.	
2.2 Designed and implemented georeferencing tool for fiscal oversight.	Georeferencing software	0	2020	0	0	1	0	1	Software developed, installed, and operating. Source: Planning Office.	
2.3 Designed and implemented operation model for the remote fiscal oversight system.	Software	0	2020	0	1	0	0	1	Model designed and software developed and implemented. Source: Planning Office.	Based on initial tentative estimates, 30% of audits are expected to be conducted remotely by the end of the project, reflecting a similar reduction in greenhouse gas emissions. At the launch workshop and during program execution, these estimates will be refined, and specific objectives set for remote audits.
2.4 Designed methodology to establish working guidelines for identification requests, sources of information, and data analytics.	Methodology	0	2020	0	1	0	0	1	Document. Source: DIARI.	
2.5 Designed and implemented analytics models for preventive and concurrent fiscal oversight.	Software	0	2020	0	0	1	0	1	Analytics software generating alerts (developed and operating). Source: DIARI.	
2.6 Designed and implemented data lake model based on big data.	Software	0	2020	0	0	1	0	1	Software developed, implemented, and operating. Source: DIARI.	

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
2.7 Designed and implemented comprehensive metasearch engine.	Software	0	2020	0	0	0	1	1	Software developed, implemented, and operating properly. Source: Planning Office and OSI.	
2.8 Purchased and implemented ICT management, infrastructure, and services with energy-efficient criteria.	Operating services	0	2020	0	1	1	1	3	Licenses contracted and services available. Source: Planning Office and OSI.	The equipment and services purchased must be labeled as energy efficient and low carbon footprint.
2.9 Designed and implemented cybersecurity strategy.	Strategy	0	2020	0	0	0	1	1	Document. Source: Planning Office and Systems and Information Technology Office.	
<b>Component 3: Citizen focus and integrity</b>										
3.1 Designed and implemented strategy for citizen services, relationship-building, and participation, including indigenous peoples and Afro-Colombians, to close the identified gender and diversity gaps.	Strategy	0	2020	0	0	1	0	1	Document. Source: CDPC.	Pro-gender and pro-diversity.
3.2 Designed and implemented, as a management tool, dashboard with indicators of gender and diversity (indigenous peoples, Afro-Colombians, persons with disabilities, and other diverse populations).	Dashboard	0	2020	0	0	1	0	1	Software developed and dashboard operating and producing indicators. Source: Office of the Deputy Comptroller.	Pro-gender and pro-diversity.  The dashboard will include relevant indicators that management will monitor periodically as inputs for programming, ensuring an inclusive approach. This dashboard will be universally accessible.
3.3 Designed and implemented traceability system for citizen complaints or requests.	Traceability software	0	2020	0	0	1	0	1	Software developed, implemented, and operating. Source: CDPC.	

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
3.4 Designed and implemented an SDG audit methodology with emphasis on SDG 5.	Strategy	0	2020	0	0	1	0	1	Document. Source: Office of the Deputy Comptroller.	Pro-gender.
3.5 Designed and implemented capacity-building strategy for institutional integrity of the CGR.	Strategy	0	2020	0	0	1	0	1	Document. Source: Internal Control Office (OCI) and Disciplinary Oversight Office.	
3.6 Designed and implemented strategy to deepen awareness of citizen audit committees ("veedurías ciudadanas").	Strategy	0	2020	0	0	0	1	1	Document and strengthening actions implemented for citizen audit committees. Source: CDPC.	
3.7 Designed and implemented strategy for cultural management of change and ongoing digital training that will be used across the three components and will mainstream gender and diversity (indigenous peoples and Afro-Colombians).	Strategy	0	2020	0	1	0	0	1	Strategy document and workshop attendance records. Source: Planning Office.	Pro-gender and pro-diversity.  The strategy will include communication activities and training sessions targeting female employees as well as employees of both genders living in the territories with larger indigenous and Afro-Colombian populations.

Country: Colombia

Division: IFD/ICS

Operation number: CO-L1266

Year: 2021

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Executing agency:** Office of the Comptroller General of the Republic (CGR)

**Operation name:** Program for the Digital Transformation of the Office of the Comptroller General of the Republic

### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation. (Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of the validation by the Bank.)

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> Partial NCB
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Advanced NCB
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External control	<input checked="" type="checkbox"/> Individual consultants	<input type="checkbox"/> Others

### 2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Special considerations for fiduciary execution	The program execution unit (PEU) reporting to the Comptroller's Office will assume direct responsibility for program financial management and procurement. This dedicated team will have technical and functional support from the budget, accounting, treasury, and internal control offices, as well as the offices of budgetary planning and institutional projects. The PEU has extensive experience with the execution of IDB projects and the capacity to take on the workload involved in executing this new operation.
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### 3. Fiduciary capacity

Fiduciary capacity of the executing agency	The fiduciary capacity assessment of the executing agency was satisfactory. This entity has extensive experience applying the Bank's procurement and financial management policies in project execution. The CGR has a sound organizational structure. Several of its departments will be directly and actively involved in execution of the program: Office of Information, Analysis, and Immediate Reaction (DIARI); Technology and Information Technology Security and Assurance Unit; Administrative and Financial Management Office, Planning Office, Systems and Information Technology Office (OSI), Legal Office, and Internal Control Office (OCI).
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#### 4. Fiduciary risks and mitigation actions

Area(s)	Risk	Risk level	Mitigation and strengthening actions	Responsibility and time frame
Institutional	The current absence of manuals and procedures for developing and documenting the budget, procurement, treasury, and accounting management of the program, and for delivering specific reports and information for investment programs executed with multilateral banks, could cause delays of three months or longer in the startup of planned activities.	Medium-low.	Include detailed procedures for executing and documenting the budget, procurement, treasury, accounting, report, and financial information management of the program in the program Operating Regulations.	CGR. As a condition precedent to the first disbursement.
Economic-financial	As a result of the country's economic and political situation, which has made returning to a path of economic growth a priority, budget reallocations could persist and possibly impact budget allocations for investment projects such as this program, potentially leading to delays in execution.	Medium-low.	Support cash flow and disbursement planning, and the required room in the budget for the operation, in operational and procurement planning. Synchronize the program's planning with the budget cycles of the institution and the country.	CGR. First six-months of execution. Annual, to 30 April of the year prior to execution.

5. Policies and guidelines applicable to the operation: Financial: document GN-2811-1 (OP-273-12); procurement: documents GN-2349-15 and GN-2350-15; and their subsequent updates.

6. Exceptions to policies and guidelines: Not applicable.

## II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

<b>Exchange rate agreed upon with the executing agency for accountability reporting.</b> For justification of expenditures, the exchange rate used will be the one in effect when the disbursed resources are converted from U.S. dollars to Colombian pesos.
<b>Audited financial statements.</b> The CGR will engage the independent external audit firm and deliver the program's audited financial statements annually.
<b>Programing and budget.</b> The CGR will assign the project to the PEU and create the subunit and budget line items for execution of the program resources in the budget module of the Integrated Financial Information System (SIIF), based on the classification by component and/or the resource investment and distribution categories defined in the "cost and financing" table of the loan contract, and for automatic generation of the financial reports required by the Bank.

### III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	The procurement of works, goods, and nonconsulting services conducted according to the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB) will be executed using the Bank's standard bidding documents or those agreed upon by the executing agency and the Bank for a specific procurements. The selection and contracting of consulting services will be conducted according to the policies for the selection of consultants (document GN-2350-15) using the standard request for proposals issued by the Bank or agreed upon by the executing agency and the Bank for the specific selection. The selection and contracting of consulting services will be conducted according to the policies for the selection of consultants (document GN-2350-15) using the standard request for proposals issued by the Bank or agreed upon by the executing agency and the Bank for the specific selection. The program sector specialist is responsible for reviewing the technical specifications and the terms of reference for procurements during the preparation of selection processes.						
<input checked="" type="checkbox"/>	Use of country systems	<p>The Bank-approved procurement country system, Colombia's Public Procurement and Contracting System (SCCPC), may be used for:</p> <ul style="list-style-type: none"> <li>• Public works contracts for amounts below the threshold set by the Bank for application of the ICB method for works.</li> <li>• Goods and nonconsulting services contracts for amounts below the threshold set by the Bank for application of the ICB method.</li> <li>• Consulting contracts with firms for amounts below the threshold set by the Bank for application of the international shortlist method for the selection of consulting firms.</li> <li>• Contracts with individual consultants.</li> </ul>						
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method will be ex post, except in cases where ex ante supervision is justified. When procurement is executed through the country system, supervision will always be conducted through the country's national supervision system. The supervision method—(i) ex ante; (i) ex post; or (iii) country system—will be determined for each selection process. Ex post reviews will be performed every 12 months in accordance with the program supervision plan, subject to changes during execution. Ex post review reports will include at least one physical inspection visit, selected from among the procurement processes subject to ex post review (no less than 10%). The threshold amounts for ex post review are as follows:</p> <table border="1"> <thead> <tr> <th>Works</th><th>Goods and services</th><th>Consulting services</th></tr> </thead> <tbody> <tr> <td>10,000,000</td><td>1,000,000</td><td>200,000</td></tr> </tbody> </table>	Works	Goods and services	Consulting services	10,000,000	1,000,000	200,000
Works	Goods and services	Consulting services						
10,000,000	1,000,000	200,000						
<input checked="" type="checkbox"/>	Records and files	The CGR maintains record systems that include complete and orderly documentation of the procurement processes for all precontract, contract, and postcontract stages. Record-keeping rules require documents to be retained for 20 years. The CGR's documentation is kept at the Central Archive (library and archive section).						

To access the procurement plan, click [here](#).

#### IV. FINANCIAL MANAGEMENT AGREEMENT AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	The CGR will create and assign the program to the PEU. To minimize the risk of execution delays, the PEU will use the annual work plan, the procurement plan, and the program's cash-flow programming as input and support to request the budget allocation for the program. The PEU will coordinate the request through the point of contact in the CGR's Administrative and Financial Management Office and will follow the budget calendar of the institution and the country. The loan proceeds will be included in the national budget under the CGR line item, and budget execution will be controlled through the SIIF Nación II system.
<input checked="" type="checkbox"/>	Treasury and disbursement management	The program's cash-flow programming will be consistent with the annual work plan and the procurement plan, which must have the Bank's no objection, which will cover a rolling period of at least 12 months. The preferred disbursement method will be advance of funds. The operation will work with a six-month financial justification period for advances and the standard 80% of total cumulative balances pending justification. Other periods and percentages may be considered subject to prior agreement between the parties. A special bank account in U.S. dollars will be opened at the banking institution identified by the Ministry of Finance, under the name of the operation and for the exclusive management of the loan proceeds. The CGR may operate a designated account in Colombian pesos to make payments to the program's contractors and suppliers. The exchange rate used for the operation will be the rate in effect on the date of conversion of the currency of approval or disbursement (U.S. dollars) into the local currency. The PEU's financial specialist will coordinate operational activities with the institution's treasury area to ensure the timely, transparent, and efficient execution of payments to the program's suppliers.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	The CGR will use the SIIF Nación II accounting module for recording the program's transactions. Accounting entries will follow the accrual accounting method, pursuant to the Colombian government's accounting policies. The special-purpose financial statements required by the IDB (statement of cumulative investments, statement of cash received and disbursements made) will be prepared on a cash accounting basis and generated automatically directly from the Integrated Financial Administration System. The PEU will be responsible to the IDB for the program's financial and accounting management. However, it will receive support and work in a joint and coordinated manner with the applicable institutional areas of the CGR's Administrative and Financial Management Office for the performance of its duties.
<input checked="" type="checkbox"/>	Internal control and internal audit	As part of its organizational structure, the CGR has an Internal Control Office (OCI), which is responsible for executing and enforcing, through supervision from the internal audit director, the Internal Audit Statute, version 1.0, published on 11 March 2020. This statute focuses on the Standard Model of Internal Control MECI-1000:2014 for Colombia's government entities, which is based on the COSO worldwide standard and the principles of self-regulation, self-management, self-control, and continuous improvement. It is suggested that the OCI provide advice and support for the various program execution processes and include specific audits of the operation's execution in its annual programming.

<input checked="" type="checkbox"/>	<p>External control: external financial audit and project reports</p>	<p>External control of the CGR is performed by the Office of the Auditor General of the Republic (AGR) through public audits conducted selectively and on an ex post basis, to verify compliance with standards, the proper use of resources, observance of processes and procedures, goals and objectives met, etc. Since the AGR is not eligible to audit projects financed with Bank resources, the program will utilize the services of an independent audit firm.</p> <p>The program's audited financial statements will be prepared annually and delivered to the Bank no later than four months after the close of each fiscal year, based on the previously agreed procedures and terms of reference. The required reports will be as established in the standard terms of reference. Under the access to information and information disclosure policy in force, the program's audited reports will be published in the Bank's systems.</p>
<input checked="" type="checkbox"/>	<p>Financial supervision</p>	<p>The Bank's financial specialist will perform at least one annual onsite review and desk reviews of the audited financial statements. The auditor will determine whether the resources are executed in accordance with the Bank's fiduciary rules and policies and the conditions stipulated in the program Operating Regulations. Fiduciary supervision visits for financial management will include verification of the financial arrangements utilized for program administration and monitoring of implementation of the independent audit firm's recommendations, as applicable.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/21

Colombia. Loan \_\_\_\_/OC-CO to the Republic of Colombia  
Program for the Digital Transformation of the Office of the  
Comptroller General of the Republic

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Colombia, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Program for the Digital Transformation of the Office of the Comptroller General of the Republic. Such financing will be for the amount of up to US\$30,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2021)