

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COLOMBIA

CITIZEN SERVICE EFFICIENCY PROJECT

(CO-L1102)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Arnaldo Posadas, Project Team Leader; Raimundo Arroio, Pedro Farías, Mariano Lafuente, Nathalie Hoffman, and Blanca Torrico (IFD/ICS); Diego Arisi (ICS/CCO); Leslie Harper, Daniel Sánchez, and Ana Cristina Calderón (IFD/FMM); Francisco Mejía (SPD/SDV); Claudia Useche (CAN/CCO); Roberto Gastaldi and Miguel A. Orellana (FMP/CCO); Mónica Lugo (LEG/SGO); and Sebastián González (Consultant). Comments on the document were provided by: Ariel Zaltsman (IFD/IFD), Carlos Pimenta (IFD/FMM), and Pablo Valenti (ICS/CAR).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problems to be addressed, and rationale	1
B.	Objective and components.....	6
C.	Key results indicators.....	9
D.	Economic evaluation.....	9
II.	FINANCING STRUCTURE AND MAIN RISKS.....	9
A.	Cost and financing	9
B.	Environmental and social safeguard risks	10
C.	Fiduciary risks.....	10
D.	Other risks	10
III.	IMPLEMENTATION AND ACTION PLAN	11
A.	Summary of implementation arrangements.....	11
B.	Summary of project monitoring and evaluation plan	13

ANNEXES	
Annex I	Development Effectiveness Matrix (DEM) – Summary
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements

ELECTRONIC LINKS	
REQUIRED	
1.	Annual work plan (AWP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735364
2.	Monitoring and evaluation plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735371
3.	Full procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735375
4.	Safeguard policy filters http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735376
OPTIONAL	
1.	Project execution plan (PEP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735369
2.	Economic evaluation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735367
3.	Itemized budget http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37735366
4.	PNSC methodology for territorial prioritization http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=37735368

ABBREVIATIONS

ANCP	Agencia Nacional de Contratación Pública – Colombia Compra Eficiente [National Public Contracting Agency – Colombia Compra Eficiente]
AWP	Annual work plan
CGN	Contaduría General de la Nación [General Accounting Office]
CGR	Contraloría General de la República [Comptroller General of the Republic]
CINCO	Comisión Intersectorial de Contratación Pública [Intersectoral Public Contracting Commission]
CISC	Comisión Intersectorial de Servicios Ciudadano [Intersectoral Citizen Services Commission]
CONPES	Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council]
DAFP	Departamento Administrativo de la Función Pública [Administrative Department of the Civil Service]
DANE	Departamento Administrativo Nacional de Estadísticas [National Administrative Department of Statistics]
DNP	Departamento Nacional de Planeación [National Planning Department]
GCI-9	Ninth General Capital Increase, or Ninth General Increase in the Resources of the IDB
IRR	Internal rate of return
OC	Ordinary Capital
OECD	Organization for Economic Cooperation and Development
PCR	Project completion report
PEP	Project execution plan
PMR	Progress monitoring report
PND	Plan Nacional de Desarrollo [National Development Plan]
POM	Project Operations Manual
PNSC	Programa Nacional de Servicio al Ciudadano [National Citizen Services Program]
PRAP	Programa de Renovación de la Administración Pública [Public Administration Reform Program]
PRM	Project risk management
RM	Results Matrix
SECOP	Sistema Electrónico para la Contratación Pública [Electronic Public Contracting System]
SNSC	Sistema Nacional de Servicio al Ciudadano [National Citizen Services System]
SUIT	Sistema Único de Información de Trámites [Master Transaction Information System]

PROJECT SUMMARY

COLOMBIA CITIZEN SERVICE EFFICIENCY PROJECT (CO-L1102)

Financial Terms and Conditions				
Borrower: Republic of Colombia Executing Agencies: National Planning Department (DNP), acting through the National Citizen Services Program (PNSC), and the National Public Contracting Agency – Colombia Compra Eficiente (ANCP)			Flexible Financing Facility*	
			Amortization period:	Bullet payment on 15 February 2029
			Original WAL:	15.04 years**
			Disbursement period:	5 years
			Grace period:	15.04 years***
Source	Amount (US\$)	%	Inspection and supervision fee:	***
IDB (Ordinary Capital)	20 million	100%	Interest rate:	LIBOR-based
Local	0	0%	Credit fee:	***
Total	20 million	100%	Currency of approval:	U.S. dollars from the Ordinary Capital
Project at a Glance				
Objective. The project's general objective is contribute to improved quality in the management and delivery of public services by meeting the following specific objectives: (i) improve access to the public services available at brick-and-mortar service centers and timeliness in their delivery; (ii) rationalize crosscutting processes, simplify formalities related to service delivery, and train public servants in citizen service skills; and (iii) obtain better value for money in public procurement and contracting.				
Components. (i) Component 1. Development of Integrated Service Centers and improvement of the Senior Public Administration's citizen communication mechanisms; (ii) Component 2. Improvement of internal management and simplification of formalities; (iii) Component 3. Strengthening of the Public Procurement System.				
Special contractual conditions precedent to the first disbursement of the loan proceeds: (i) Selection of the management team coordinators at the National Planning Department (DNP) and National Public Contracting Agency – Colombia Compra Eficiente (ANCP); and (ii) approval of the project Operations Manual by the project's participating entities with the Bank's prior no objection (see paragraph 3.13).				
Special execution conditions: Before the DNP can transfer any project resources to the entity supporting it in the management and contracting of the activities under Components 1 and/or 2: (i) the two entities must have entered into an agreement for use of the resources and execution of the activities under Components 1 and/or 2, in accordance with Bank policies and procedures and the corresponding loan contract; and (ii) such entity must have selected the corresponding team, in accordance with the project Operations Manual (see paragraph 3.13).				
Exceptions to Bank policies: None.				
Procurement: Project procurements will be conducted in accordance with Bank policies (documents GN-2349-9 and GN-2350-9).				
Project qualifies as: SEQ [] PTI [] Sector [] Geographic [] Headcount []				

* Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting modifications to the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk-management considerations into account when considering such requests.

** The weighted average life (WAL) and the grace period may be shorter, depending on the effective date of loan contract signature.

*** The credit fee and the supervision and inspection 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 corresponding policies.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems to be addressed, and rationale

- 1.1 **Background.** Under Colombia's Constitution, serving the community is an essential function of the State (Article 2). As a result, the Government of Colombia (GOC) has devoted significant efforts to devising public policies that, in line with major theoretical developments on rationalization and optimization of the Public Administration, particularly in countries of the Organization for Economic Co-operation and Development (OECD), are based on the recognition that citizens are the State's major focus and reason to be.¹ Putting this principle into practice means that services are delivered and citizen requests and complaints are addressed in a timely and effective manner, ensuring that the service, transaction, or response sought is satisfactory.
- 1.2 Colombia has made a consistent institutional effort to improve the delivery of public services. The "Prosperity for All" National Development Plan (PND) (2010-2014) is a recent expression of this policy. The current PND identifies four areas of major focus to guide governmental action: (i) continuous improvement in the handling of requests; (ii) strengthening of civil service teams responsible for citizen services; (iii) promoting a management approach to citizen services; and (iv) integrated and coordinated initiatives to improve the citizen service channels of entities. Some of the gains made include:
- a. The National Citizen Services Program (PNSC) at the National Planning Department (DNP), launched in 2007, has produced technical tools to improve service delivery and has become an ongoing source of advice and support.² Subsequently, under Decree 2623 of 2009, the National Citizen Services System (SNSC) was established to improve the quality of citizen services in the public administration, and the Intersectoral Citizen Services Commission (CISC) was created as an executive decision-making body responsible for

¹ See, for example, Peter Middleton and John Seddon (2011), *Delivering Public Services that Work: v. 2: The Vanguard Method in the Public Sector: Case Studies*; Denhardt, Robert B. and Janet Vinzant Denhardt, "The New Public Service: Serving Rather Than Steering," in *Public Administration Review*, Vol. 60, No. 6 (2000), pp. 549-559; Vigoda, Eran (2002), "From Responsiveness to Collaboration: Governance, Citizens, and the Next Generation of Public Administration," in *Public Administration Review*, Vol. 62, No. 5, Washington; Clarke, et al. (2007), *Creating Citizen Consumers: Changing Publics and Changing Public Services*, SAGE, London; Institute for Citizen-Centered Service (2008), *Citizens First 5*, Ottawa; World Bank (2009), "Case Study on the Management of Chile's Social Security Reform," Washington; and Pollitt (2012), *New Perspectives on Public Services: Place and Technology*, Oxford.

² These activities fall within the Public Administration Reform Program (PRAP), financed in part by Bank loan CO-0266.

coordinating policies, strategies, programs, methodologies, mechanisms, and activities to build the capacity of the Public Administration in this area.³

- b. A policy was designed to rationalize procedures within public institutions, as well as those involving dealings with the citizenry. The government has led participatory exercises to identify unnecessary procedures, resulting in Decree 019 of 2012 to improve efficiency at public entities. This process has encompassed more than 600 bureaucratic formalities or procedures. Previously, Law 962 of 2005 and National Economic and Social Policy Council (CONPES) document 3292 of 2004 had assigned responsibility for administering a Master Transaction Information System (SUIT) to the Administrative Department of the Civil Service (DAFP). This tool is intended to serve as an official source of information on the procedures and services delivered to citizens by Public Administration entities at both the national and subnational levels, and is available through the [Portal of the Government of Colombia](#).
- c. The procurement process for goods and services has been improved within entities of the Public Administration.⁴ CONPES document 3249 of 2003, the “Public Policy for a Efficiently Run State,” recommended, among other actions: (i) creation of a technology tool to support that function, which led to the creation of the Electronic Public Contracting System (SECOP), where public entities are required to publish their contracts; and (ii) establishment of the Intersectoral Public Contracting Commission (CINCO), to propose policy approaches. Recently, CINCO was replaced by the National Public Contracting Agency (ANCP), established by Decree 4170 of 2011. The ANCP is an apex agency that promotes policies and tools designed to organize and coordinate participants in public procurement and contracting processes, as a means of improving efficiency and transparency and optimizing the use of State resources.

1.3 Problems to be addressed. The central problem to be addressed by the project is the insufficient quality⁵ of the services delivered⁶ by the Public Administration,

³ The Intersectoral Citizen Services Commission (CISC) is comprised of: (i) the Ministry of Communications, responsible for improving online services channels, based on the Online Government strategy; (ii) the Administrative Department of the Civil Service (DAFP), responsible for the policy on rationalization and automation of bureaucratic procedures and the staffing of citizen services; (iii) the Advanced School of Public Administration (ESAP), the leading institution in the development of curricular programs; (iv) the National Administrative Department of Statistics (DANE); and (v) the DNP, which serves as the Technical Secretariat, acting through the PNSC.

⁴ These improvements have a greater impact in those sectors that are major buyers and deliver very important services for the entire population such as health, education, and public safety. Making the procurement system more efficient helps to expand coverage and even improve the quality of services delivered with the same resources.

⁵ According to a Survey on Political Culture conducted by DANE in 2011, 48.8% of people who were involved in a bureaucratic procedure or requested information from a public entity considered the services received to be poor or fair.

⁶ “Public services” means the executive branch information, transactions, and services provided to citizens by the national, departmental, and municipal public administration.

given the growing demands of the citizenry, public agencies, and the private sector.

- 1.4 The factors contributing to the central problem can be viewed from the following perspectives: (i) interactions between the Public Administration and agents requesting specific information or services (from the window outward); (ii) internal processes and procedures employed by the Public Administration in its operations and generation of services (from the window inward); and (iii) management of the inputs necessary for the Public Administration to perform its functions and deliver services, specifically with regard to the procurement mechanisms for goods and services (government procurement and contracting system).
- 1.5 In terms of the perspective from the window outward, it is evident that the service channels do not ensure access to the complete offering of public services, information, and procedures, tailored to the needs of all users, in all parts of the national territory.⁷ This is reflected in: (i) a failure to describe and categorize citizens/users⁸ when planning and implementing service delivery mechanisms, with the result that service offerings have little relevance and applicability to the different populations served; (ii) persistent unnecessary burdens on citizens;⁹ (iii) limited access to face-to-face service channels, further restricting citizens' ability to have their needs addressed in suitable times and places;¹⁰ (iv) high economic costs to citizens, as a result of long wait and travel times;¹¹ and (v) insufficient clarity of information supplied to citizens by the Public Administration, creating uncertainty regarding requirements, time frames, manner, and location for getting their requests addressed.¹²

⁷ According to a survey conducted by the Office of the Governor of San Andrés to establish improvements in the quality of services it delivers, 28.6% of those surveyed suggest improvements in the response times of bureaucratic procedures; 21.4% indicate a need for better dissemination of information; 19% propose improving in-person service; 16.7% advise optimization of responsiveness to requests; and 14.3% say that service provided by telephone should be improved (www.sanandres.gov.co).

⁸ 80% of Public Administration entities do not have information on the specific needs and characteristics of their main users ("Diagnóstico de los servicios ciudadanos" [Diagnostic assessment of citizen services], C. Caicedo).

⁹ An indication of this is the fact that the Master Transaction Information System (SUIT) contains more than 26,000 administrative procedures and processes.

¹⁰ In a recent study by the DNP ("Gestión de trámites y servicios al ciudadano en la APN: una aproximación" [Management of transactions and citizen services in the National Public Administration: An approach], November, 2012), 11 entities with the highest demand for transactions and services, and the greatest impact on citizens, were selected; only six of these indicated that they operated in 13 of the country's largest cities.

¹¹ According to the Citizen Services Satisfaction survey conducted by IPSOS Napoleón Franco for the DNP (2010), 61.3% had to make two visits to complete a single transaction at government offices. A subsequent study by the DNP, based on information from 10 entities, estimated that the economic cost of average wait was 46% of the daily minimum wage.

¹² According to the results of the Infométrika-Sigma survey conducted for the DNP-PNSC (2012), only 44% of those surveyed said they were satisfied with the clarity of the language with which their request was addressed. Moreover, just 37% of those surveyed said they were satisfied with the "clarity of the transaction process or services involved."

- 1.6 In terms of the internal perspective on the Public Administration (i.e., from the window inward), it has been observed that better internal management of services delivered by the Public Administration requires nimble and efficient processes and procedures.¹³ While acknowledging the gains made in rationalizing bureaucratic procedures, persistent challenges remain in this area, including: (i) overly complex internal processes in the Public Administration, which hinders the adoption of standards for quality and speed;¹⁴ (ii) functional weaknesses in the current version of the SUIT system, which provides no accessible inventory of transactions processed by subnational entities, making it impossible to quantify advances in the recording of information and determining the maturity of procedures at each subnational entity; and (iii) insufficient training and incentives for government employees who provide services to the public.¹⁵
- 1.7 At the same time, the features of current public procurement procedures work against the optimization of resources, efficiency in the internal operations of public entities, and quality of citizen services. Though there has been progress in the regulatory and institutional framework, the procurement function at public entities does not generate value-added, due to insufficient application of options regarded as international best practices and required by laws and regulations. Examples of these weaknesses include: (i) the referential nature of information systems and the absence of technological solutions required to effectively manage public procurements, making it difficult to analyze standard goods and services;¹⁶ (ii) the absence of mechanisms for aggregating demand (framework agreements), which facilitate rational use of government resources;¹⁷ and (iii) failure to entrench recent reforms in this area, as evidenced by the fact that public procurement continues to be conducted in a fragmented manner within individual Public Administration entities, making it difficult to analyze goods and services with uniform

¹³ See, for example, the explanatory introduction to Law 190, “establishing rules intended to preserve morality in the Public Administration, and provisions to eradicate administrative corruption.”

¹⁴ According to the “Survey of citizen perceptions of the quality and accessibility of public administration procedures and services” (2012), simplicity and speed of access to transactions, services, and information are the most important factors for those surveyed. However, the information gathered at 11 entities by the DNP/PSNC revealed that the average wait time to complete requested transactions was 23 days.

¹⁵ According to information from the “Survey of citizen perceptions of the quality and accessibility of public administration procedures and services” (2012), only 35% of users/citizens rated as satisfactory the “friendliness of the official” in their dealings with the Public Administration.

¹⁶ Due to the fact that SECOP supports only part of the procurement chain (precontractual phase) and was designed as a repository of information, it does not have the business intelligence functionalities to extract and analyze information for strategic decision-making on public contracting. Moreover, the system lacks the necessary controls to ensure that the basic information recorded (e.g., contract amount or date) is reliable. In terms of sustainability, the architecture makes the system difficult to maintain or adapt nimbly to the country’s needs. Lastly, the system does not facilitate integration of the procurement cycle with financial and accounting processes, since it does not interface with other national government systems that input or output data generated during the procurement cycle.

¹⁷ The framework agreements make it possible to obtain a better unit price for goods and services, reduce the number of transactions by public entities engaged in procurements (since they replace the selection process with placement of the procurement order), and devote specialized resources to determining the terms and conditions for the procurements.

characteristics, and impossible to leverage synergies. These weaknesses directly affect the quality of the services provided to citizens, since they raise the cost and, given fiscal and budgetary constraints, limit the timeliness, efficiency, and coverage of the services. The strategy to be pursued by this operation will be to focus on designing an integrated business model for citizen services, considering various alternatives for offerings, management, and cofinancing and establishing at least four Integrated Service Centers following best international practices¹⁸ in four different cities, with the coordinated participation of national and subnational government agencies. These centers will serve as a pilot, to be replicated in other communities, once they have been evaluated, and any necessary changes made. The project, in turn, will focus on review and improvement of strategic crosscutting processes public management, simplification of the formalities associated with the services offered at the centers, and selection and training of human talent to provide excellent service. Lastly, special attention will be paid to improving the management of public procurements and providing quality service to bidders.

- 1.8 The Bank has gained extensive experience in the area of citizen services, public management, and procurement and contracting systems. It was a pioneer in Colombia in financing programs to improve citizen services (two operations with the District of Bogotá to develop and establish a series of integrated service centers, known as SuperCADEs).¹⁹ Also in Colombia, the Bank supported an operation to simplify formalities and one-stop windows for opening a business in various Colombian cities. Moreover, the Bank has furnished technical assistance in this area in other countries of the region, e.g., through support for Peru's Presidency of the Council of Ministers, setting up service centers for owners of small and medium-sized businesses, as well as in Ecuador, through a Bank operation, now in preparation, to modernize public services at the national level. The Bank's experience in public management has been gained on operations in nearly all of the region's countries, notably: the Public Administration Reform Program (PRAP) in Colombia, as well as programs in Brazil, Mexico, Paraguay (Civil Service), Chile (Senior Management), and Uruguay (Digital Services), and others.
- 1.9 The Bank also has extensive experience in the reform, modernization, and strengthening of public procurement systems. Over the last ten years, the Bank has been promoting leading-edge knowledge in this area through its support for the relationship between practitioners and experts, South-South cooperation, and research. The Bank has also spearheaded the Inter-American Network on Government Procurement and the e-Procurement Community of Practice. In

¹⁸ Principles such as adapting service delivery to the profile of the citizen/user and consolidating support services using parameters of standardization and integration (see, for example, OECD: GOV/PGC (2013) 3 "Innovation for Better Public Services," 25-26 April 2013).

¹⁹ The experience of the SuperCADEs in Bogotá can be described as extraordinary: in less than five years from the startup date, revenue intake rose by more than 300%, services delivered increased by nearly 280%, and service centers increased in number from 1 to 7. Moreover, between 2006 and 2010, the average wait time to pay for services decreased from 35 to 18 minutes, the average wait time to conduct transactions decreased from 82 to 21 minutes, travel time for users to get to a SuperCADE decreased from 40 to 28 minutes, and the cost of operating the centers the average wait time from 300 million to 240 million Colombian pesos (see [PCR for loan 1759/OC-CO](#)).

addition, it has provided technical and financial assistance for operations in this area, including: (i) design of general or specific public procurement reforms in Bolivia, Costa Rica, Honduras, Ecuador, El Salvador, and the Dominican Republic that contributed to better decision-making; (ii) new regulations in Argentina, Bolivia, El Salvador, and Nicaragua that introduced best practices in rules of the game for the public procurement market; (iii) creation or strengthening of public procurement agencies in El Salvador and Honduras; and (iv) introduction of new e-procurement systems or functionalities in Bolivia, El Salvador, Guatemala, Nicaragua, Peru, and the Dominican Republic that helped to improve efficiency and transparency in contracting processes, as well as access for firms, particularly small and medium-sized enterprises, to the government procurement system.

- 1.10 **Alignment.** The Bank's country strategy with Colombia (2012-2014) (document GN-2648-1) identifies "government-society interaction (citizen services, e-government, public procurement)" as one of the priority governance challenges facing the country (pages 16-17). The objective of the present operation is consistent with the Ninth General Capital Increase (GCI-9), which emphasizes the importance of public institutions in promoting development in the region, through the sector priority of institutions for growth and social welfare.

B. Objective and components

- 1.11 **Objectives of the operation.** The project's general objective is contribute to improved quality in the management and delivery of public services by meeting the following specific objectives: (i) improve access to the public services available at brick-and-mortar service centers and timeliness in their delivery; (ii) rationalize crosscutting processes, simplify formalities related to service delivery, and train public servants in citizen service skills; and (iii) obtain better value for money in public procurement and contracting.²⁰ The project has three components.
- 1.12 **Component 1. Development of Integrated Service Centers and improvement of the Public Administration's citizen communication mechanisms (US\$8.663 million).** This component includes financing for: (i) the establishment of four Integrated Service Centers within selected subnational entities, to serve citizens²¹ (including activities to coordinate different subnational levels of government, development of models for operation, management, and monitoring,

²⁰ This entails efficiency gains in public procurement.

²¹ The pilot selection will be based on a combination of factors, such as number of inhabitants, state of institutional development, index of unmet basic needs, rating as a municipality in the process of consolidation (i.e., affected by armed conflict and illicit crops), and location near the country's borders. Following a detailed methodology (see [optional electronic link 4](#)), the DNP/PNSC has prioritized 13 municipalities to develop Integrated Service Centers. The populations of these municipalities range between 30,000 and 80,000 inhabitants, so two "models" for the centers were designed with different points of service (30 and 50). This sizing was based on the diagnostic assessment performed with Bank support in the municipio of San Andrés (population around 60,000), where a total of 113,000 services were provided by the surveyed entities in 2012.

environmental viability studies;²² urban development licenses, and furniture, equipment, and signage); (ii) the development of business models for citizen services tailored to the size of the particular population being served, considering different alternatives for cofinancing and comanagement;²³ (iii) design and implementation of pilot tests of a methodology for profiling demand, to identify the needs and specific traits of the populations served;²⁴ and (iv) design and implementation of a communication strategy to simplify the language used by the Public Administration to communicate with citizens, so that they have clear and complete information on services and requirements for appropriate interaction with agencies. Table I-1 shows some of the national-level entities and services that will be represented at the Integrated Service Centers, selected based on their high level of demand, limited subnational presence, and targeting of vulnerable groups.

Table I-1

	Entity	Service provided
1	Colombian Agency for Reintegration (ACR)	<ol style="list-style-type: none"> 1. Economic stimulus benefit for participants in the reintegration process 2. Benefits for participants in the reintegration process 3. Economic stimulus benefit for employability for mortgage payments of participants in the reintegration process
2	Department of Social Prosperity (DPS)	<ol style="list-style-type: none"> 1. General information and guidance 2. Fulfillment of commitments 3. Incentives 4. Enrolment in DPS programs 5. Enrollment in “Familias en Acción” program 6. Enrollment in “Jóvenes en Acción” program
3	National Tax and Customs Directorate of Colombia (DIAN)	<ol style="list-style-type: none"> 1. Authorization or renewal of invoicing numbers 2. Registration in the Taxpayer Master File (RUT) 3. RUT special requests 4. RUT update
4	Colombian Army	<ol style="list-style-type: none"> 1. Issuance of military identification document 2. Duplication of military identification document 3. Cancellation of military identification document
5	Ministry of Housing, City, and Territory	<ol style="list-style-type: none"> 1. Application and allotment of the family low-income housing subsidy for urban areas 2. Payment of family low-income housing subsidy

²² The environmental viability assessments must take into account compliance with the environmental and social safeguards established by Bank rules, considering: (i) the greatest possible impacts/risks of each project; (ii) the regulatory framework for the projects and the applicable requirements; (iii) the measures for implementing those projects; and (iv) relevant licensing processes for each project.

²³ Agencies from various levels of government are participating in the Integrated Service Centers and will be responsible for providing services, financing the centers, and ensuring their sustainability.

²⁴ The profiling will take into account the gender and diversity of the population to be served in terms of educational level, social stratum, disabilities and/or special needs, etc. The findings will serve as a basis for formulating service policies and protocols that take these features into account.

6	Office of the Superintendent of Notaries and Records (SNR)	<ol style="list-style-type: none"> 1. Issuance of title transfer and clearance certificates 2. Consultation of ownership records 3. Consultation to establish ownership of real estate 4. Registry of public documents
8	National Administrative Department of Statistics (DANE)	<ol style="list-style-type: none"> 1. Consultation of statistical information produced by DANE 2. Sale of statistical information 3. Sale of customized information 4. Advisory support to persons and corporations on requests for information produced by DANE and other entities that produce information and websites
9	Colombian Institute of Family Welfare (ICBF)	<ol style="list-style-type: none"> 1. Information and guidance (receipt of requests for information on ICBF procedures and programs) 2. Matters subject to conciliation (handling of requests related to determining custody, rules for visitation, setting of family/spousal maintenance amounts) 3. Matters not subject to conciliation
10	Ministry of Trade, Industry, and Tourism	<ol style="list-style-type: none"> 1. Approval or modification of import licenses 2. Changes in customs tariff schedule and amounts 3. Certifications that products are, or are not, manufactured domestically 4. Issuance of determination of minimum descriptions 5. Categorization assessment of enterprises

1.13 **Component 2. Improvement of internal management and simplification of procedures (US\$2.042 million).** This component seeks to contribute to improved management within government agencies. The financing will include: (i) rationalization and reengineering of crosscutting processes²⁵ within institutions (including design of a rationalization methodology and implementation of a simplification pilot at priority institutions); (ii) preparation and implementation of a procedural simplification methodology for selected services;²⁶ (iii) dissemination and implementation of the new SUIT3 system at different subnational entities throughout the country; and (iv) design and implementation of a plan for training public servants in citizen service skills (including design of the training model and delivery of training).

1.14 **Component 3. Strengthening of the Public Procurement System (US\$7.6 million).** Procurement process management will be strengthened with the aim of lowering costs and enabling more efficient delivery of services. The operation will support: (i) implementation of new services supported by e-procurement tools (including development of the conceptual design for the technology solution, procedures, information structures, configuration and infrastructure requirements, adjustments to the business model, and configuration and stabilization of the tool); (ii) preparation of market studies on goods and services with uniform technical characteristics, to support the preparation of

²⁵ A maximum of five processes is planned, with emphasis on management of human talent, records, and correspondence.

²⁶ All of the procedures selected, in addition to being present at the Integrated Service Centers, will be those with a high degree of complexity for the citizens (taking into account the number of agencies and number of visits needed to complete the tasks; wait times; requirements and requested documentation, and other factors) such as issuance of the military identification document and access to subsidies).

framework agreements; (iii) design and implementation of knowledge management strategies and development of a change management strategy.

C. Key results indicators

- 1.15 **Expected outcomes and main beneficiaries.** Some expected outcomes of the project include: (i) services available at Integrated Service Centers and more timely service delivery; (ii) enhanced efficiency of internal management procedures and processes; and (iii) increased competitiveness, efficiency, and accessibility of the public procurement system. All of the indicators have baselines (or provide ways of establishing them), a predetermined target (quantity and time), and identification of originating source (see Annex II).
- 1.16 The main beneficiaries of the project will be citizens, government employees, and business owners/operators who make requests, conduct transactions, or supply goods and services to agencies of the Public Administration.

D. Economic evaluation

- 1.17 The project is expected to have a high social return. The project's internal rate of return (IRR) was estimated in a downside scenario: in the worst case scenario, the project will be fully repaid in no more than six years (IRR 6 years = 20.28%). The net present value (NPV) was considered in all scenarios; in the downside scenario, the NPV would be US\$19.376 million by the end of year 6 with a discount rate of 12%. The economic evaluation looked at Component 3, given its high return, and was based on the projected savings in both administrative and monetary terms generated from improvements in service delivery by the ANCP and the implementation of more efficient tools for the procurement of uniform, high-consumption goods.²⁷
- 1.18 **Sustainability.** In terms of sustainability, once the Integrated Service Centers are up and running, each participating agency will be responsible for financing their operation based on the points of service occupied (square meters). This will have a very small budgetary impact, since experience in Bogotá shows that services provided jointly cost around 35% less than those provided by each agency individually. In addition, service to citizens is a constitutional principle, and there is political commitment at the highest level of the administration to make it one of the government's priorities.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Cost and financing

- 2.1 The total cost of the project will be US\$20 million, to be financed entirely by the Bank from the Ordinary Capital resources. The consolidated budget, by component, is shown in Table II-1, and the itemized budget in [optional electronic link 3](#). The

²⁷ For more information on the benefits of this type of intervention, see Bandiera, Prat, and Valetti, "Active and passive waste in government spending: evidence from a policy experiment," in *American Economic Review* 2009, 99:4, 1278-1308.

types of expenditure to be covered by the project include the procurement of goods, works, services, and consulting services.

Table II-1. Project Cost (US\$000s)

Categories	IDB
Component 1. Development of Integrated Service Centers	8,663
Component 2. Improvement of internal management and simplification of procedures	2,042
Component 3. Strengthening of the Public Procurement System	7,600
Subtotal, components	18,305
Management teams	1,225
Evaluations	305
External audits	110
Subtotal, administration and supervision	1,640
Contingencies	55
TOTAL	20,000

B. Environmental and social safeguard risks

- 2.2 No environmental or social risks are associated with the planned activities of this operation under the Environment and Safeguards Compliance Policy (Operational Policy OP-703). The operation has therefore been classified as category “C.”

C. Fiduciary risks

- 2.3 A project risk management (PRM) workshop was held with the beneficiary agencies as part of the operation design, following the methodology recommended by the Bank. In this exercise, delays in the execution of selection and contracting processes were identified as a fiduciary risk. Probability factors will include: (i) weakness in the structuring of terms of reference; (ii) little knowledge of the market for bidders, consultants, and specialized providers; and (iii) limited capacity to advance the planning, execution, and monitoring of project procurements. The recommendation to mitigate this risk was to obtain specialized technical assistance for the preparation of technical specifications for complex bidding documents; map and update the supply of contractors and consultants; and establish a job description for the specialists in planning and monitoring, as well as in procurement, as an aid in forming the teams responsible for project execution. This technical assistance will be financed by project Component 1.

D. Other risks

- 2.4 Two risks considered high, one medium, and four low were identified. Their probability factors and mitigation measures are summarized in Table II-2.

Table II-2

Risk	Probability factors	Mitigation measures
Poor response of beneficiary entities to participation in project implementation.	<p>Little knowledge of the project or its benefits.</p> <p>Priority shifts by potential new authorities at the executing agencies and project beneficiaries.</p> <p>Limited institutional capacity of the beneficiary entities to implement the planned project activities.</p> <p>Resistance to the proposed changes on the part of beneficiary agency staff.</p>	<p>Building awareness of the project among beneficiary entities.</p> <p>National/subnational coordination.</p> <p>Formal memoranda of understanding with the beneficiary entities.</p> <p>Support for beneficiary entities in implementing the planned project activities.</p> <p>Prioritization of selected beneficiary entities based on commitments assumed by the project.</p> <p>Review of stimulus actions by target area.</p>
Limitation of the necessary cofinancing resources of subnational or beneficiary entities to implement the strategy or ensure its sustainability.	<p>Subnational entities do not have all of the resources necessary to successfully execute the project (property, staff, institutional capacity, etc.).</p> <p>The entities that are to be part of the Integrated Service Center do not have the trained human resources necessary to ensure proper staffing of the center.</p> <p>Uncertainty of ownership rights to possible properties for construction of the Integrated Service Centers.</p> <p>Poor design quality of the operation and sustainability model for the Integrated Service Centers.</p>	<p>Technical assistance to these entities in taking steps to obtain the necessary resources.</p> <p>Strengthening of skills and knowledge in citizen services.</p> <p>Early identification of legal status of the properties.</p> <p>Support from an expert in reviewing terms of reference, evaluating technical proposals, and reviewing deliverables.</p>

III. IMPLEMENTATION AND ACTION PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Colombia. The coexecuting agencies will be the National Planning Department (DNP), acting through the National Citizen Services Program (PNSC) and the National Public Contracting Agency (ANCP) as the apex agency for public procurement processes (see paragraph 1.2.c). The DNP will serve as overall project coordinator, and will be responsible to the Bank for technical and administrative leadership, coordinating all information on operations, to be delivered in a consolidated form including progress reports, annual work plan (AWP), project execution plan (PEP), and audit and evaluation reports. The ANCP will be responsible for Component 3.
- 3.2 The DNP will execute Components 1 and 2, and may enter into an agreement with an entity for the planning of selection and contracting activities for site preparation works for the Integrated Service Centers, goods, and services, including the associated supervision activities, in accordance with IDB procurement and contracting policies.
- 3.3 The DNP and ANCP will form separate management teams within their respective internal structures, to ensure full-time staff devoted exclusively to the tasks of project execution. At the DNP, the management team will consist of a coordinator and a financial/accounting specialist. Additionally, for implementation of the

- Component 2 activities, the coordinator will maintain ongoing, fluid communication with the Administrative Department of the Civil Service (DAFP) through a selected point person at that institution.
- 3.4 The DNP will coordinate the following functions (in relation to Components 1 and 2): (i) conduct procurements of goods and services and the selection and contracting of consulting services, pursuant to the relevant Bank policies; (ii) conduct financial management of the loan proceeds, in accordance with Bank policies and procedures, and deliver the audited and unaudited financial reports established in the loan contract to the Bank; (iii) prepare and update all of project operating plans, including AWP, the PEP, procurement plan, and financial plan, to be delivered to the Bank with the format and frequency established in the project Operations Manual; (iv) engage the necessary consultants to perform the project audits and evaluations established in the project Operations Manual; and (v) conduct monitoring and supervision of the activities executed.
 - 3.5 For purposes of participation, the entity that may be engaged by the DNP to support the execution of operational, administrative, and financial/accounting tasks related to Components 1 and/or 2 will appoint a team consisting of at least a financial specialist, a procurement and contracting specialist, and a planning and monitoring specialist. The membership of the DNP and entity teams will be described in detail in the project Operations Manual.
 - 3.6 The ANCP (coexecuting agency responsible for Component 3) will have complete technical, operational, and financial autonomy in relation to its component. The ANCP management team will consist of a coordinator, a procurement specialist, a financial/accounting specialist, and a planning and monitoring specialist, two of whom will be financed by the project, while the others will be staff appointed specifically by the ANCP. The ANCP will be responsible for conducting procurements for Component 3, according to the agreed procurement plan for the project. It will also conduct financial accounting for transactions and disbursements and keep records of the corresponding financial information.
 - 3.7 **Project Operations Manual.** The project Operations Manual will describe the proposed execution mechanism, the procedures for execution of the activities under each component, and the responsibilities and obligations of the two coexecuting agencies, and the coordination efforts necessary for the delivery of consolidated reports and bulletins to the Bank and for monitoring and evaluation of the project outcomes.
 - 3.8 **Project execution plan (PEP).** The project will be executed in five years, and its activities will follow a schedule established in the PEP, as revised annually and reflected in the corresponding AWP. The PEP contains the same level of detail as the AWP for each of the years of execution. However, it must be modified each year, to reflect the project's actual progress. The annual reviews of the PEP will be submitted to the Bank.
 - 3.9 **Fiduciary Agreements and Requirements.** The Fiduciary Agreements and Requirements (see Annex III) include the guidelines for financial management and procurement execution applicable for implementation of the project. These have

been based on analysis of the fiduciary context of the country and of the coexecuting agencies, the institutional analysis of these institutions, and the risk workshop with staff of the participating entities.

- 3.10 **Procurement plan.** The procurement plan itemizes the project procurements to be conducted, in accordance with the “Policies for the procurement of works and goods financed by the IDB” (document GN-2349-9) and the “Policies for the selection and contracting of consulting services financed by the IDB” (document GN-2350-9). The borrower will update the procurement plan annually, or according to the project’s needs. Any proposed change to the procurement plan must be submitted to the Bank for approval.
- 3.11 **External audit.** The project financial statements and eligibility of expenditures will be audited by an independent audit firm acceptable to the Bank, to be engaged by the DNP. The audit services will be financed with loan proceeds. The project’s audited financial statements will be delivered to the Bank annually, no later than four months after the close of each fiscal year, in accordance with the previously agreed procedures and terms of reference.
- 3.12 For project cash management, a special foreign-currency bank account will be opened in the project’s name at Banco de la República (designated account) for each coexecuting agency (DNP and ANCP), to be used exclusively for the loan proceeds. The DNP and the ANCP will each prepare their disbursement requests, and the Bank will disburse the project resources, under the advance of funds modality, to the Banco de la República accounts of the DNP and the ANCP, as established in Annex III to this document and the “Financial management policy for IDB-financed projects” (document OP-273-2).
- 3.13 **Special contractual conditions precedent to the first disbursement. Selection of the management team coordinators at the DNP and ANCP, and approval of the project Operations Manual by the project’s participating entities with the Bank’s prior no objection, will be special conditions precedent to the first disbursement.** In addition, before the DNP can transfer any project resources to the entity supporting it in the management and contracting of the activities under Components 1 and/or 2: (i) the two entities must have entered into an agreement for use of the resources and execution of the activities under Components 1 and/or 2, in accordance with Bank policies and procedures and the corresponding loan contract; and (ii) such entity must have selected the corresponding team, in accordance with the project Operations Manual.

B. Summary of project monitoring and evaluation plan

- 3.14 **Monitoring by the coexecuting agencies.** The following documents will be used to monitor the project: (i) the Results Matrix; (ii) the PEP; (iii) the procurement plan; (iv) the AWP; (v) the project monitoring and evaluation plan; and (vi) the progress monitoring report (PMR). The planning and monitoring specialist at each agency will prepare six-monthly status reports for review by the Bank. A single consolidated report will be presented by the DNP’s planning and monitoring specialist.

- 3.15 **Monitoring by the Bank.** Bank technical supervision of execution will be performed by the project team. The entire project team responsible for the original project design will continue to provide technical support and assistance during project execution. At the express request of the government, based on the Bank's cumulative experience with service center programs, periodic technical monitoring visits will be conducted to support the establishment of the Integrated Service Centers. Additionally, the Bank will hold a joint meeting each year with the coexecuting agencies, to discuss: (i) the progress of activities identified in the AWP; (ii) the extent to which the indicators established in the Results Matrix for each component have been met; and (iii) the AWP for the following year, and the procurement plan for the next 12 months, among other matters. The coexecuting agencies are committed to maintaining a system for monitoring and evaluating all of the project's components, as the basis for preparation of the reports and data to be sent to the Bank. Each management team will have a specialist tasked with monitoring its activities.
- 3.16 **Evaluation.** The executing agency will use the Results Matrix and the monitoring and evaluation plan for evaluation of the project. A midterm, final and impact evaluation of the project are planned, addressing both technical and administrative/financial aspects. The midterm evaluation will be conducted, once at least 40% of the disbursements have been made, or two and a half years of execution have elapsed (whichever occurs first). The main objectives of this evaluation will be to review the progress of all activities planned up to that time, any deviations and their causes, and to propose corrective measures to be taken, in addition to verification of the intermediate outputs generated, identification of any PRM risks that have occurred, and the implementation of measures to mitigate them. The final evaluation will be conducted, once at least 90% of the total has been disbursed. The objectives of the evaluation will be to determine the extent to which the targets set for each of expected outcome have been met, and progress on the generation of outputs for each component. The impact evaluation will be conducted prior to closure of the operation, and will include the differences-in-differences methodology to measure impacts related to perceptions.
- 3.17 Additionally, agreement has been reached with the coexecuting agencies to conduct a user satisfaction survey of citizens, public servants, and business owners/operators on the services delivered by the Public Administration agencies included in this operation, and the survey has been budgeted. A budget of US\$305,000 is planned for these evaluations, also including the survey of perceptions of the quality of service (see [required electronic link 2](#)).

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program			
Regional Development Goals			
Bank Output Contribution (as defined in Results Framework of IDB-9)	Public financial systems implemented or upgraded (budgeted, treasury, accounting, debt, and revenues).		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2648-1	Improve the quality of public administration.	
Country Program Results Matrix		Document under revision.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Evaluable	Weight	Maximum Score
	8.6		10
3. Evidence-based Assessment & Solution	7.5	33.33%	10
3.1 Program Diagnosis	2.4		
3.2 Proposed Interventions or Solutions	2.4		
3.3 Results Matrix Quality	2.7		
4. Ex ante Economic Analysis	10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0		
4.2 Identified and Quantified Benefits	1.5		
4.3 Identified and Quantified Costs	1.5		
4.4 Reasonable Assumptions	1.5		
4.5 Sensitivity Analysis	1.5		
5. Monitoring and Evaluation	8.3	33.33%	10
5.1 Monitoring Mechanisms	2.5		
5.2 Evaluation Plan	5.8		
III. Risks & Mitigation Monitoring Matrix			
Overall risks rate = magnitude of risks*likelihood	Medium		
Identified risks have been rated for magnitude and likelihood	Yes		
Mitigation measures have been identified for major risks	Yes		
Mitigation measures have indicators for tracking their implementation	Yes		
Environmental & social risk classification	C		
IV. IDB's Role - Additionality			
The project relies on the use of country systems			
Fiduciary (VPC/PDP Criteria)	Yes	Financial Management: i) Budget, ii) Treasury, and iii) Accounting and reporting.	
Non-Fiduciary			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
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	Government was supported through Technical Cooperation CO T1241.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan			

The document frames the project in terms of the importance that Colombian legislation gives to citizen services. It is also related to the institutional efforts towards improving the delivery of public services, the design of a process streamlining policy and the improvement of the procurement process for goods and services in public sector entities. Despite Government efforts, public services are of low quality and expensive for citizens who are dissatisfied with them. The problem of low quality of services is presented in three dimensions: from the public administration to the client, inside the public administration itself, and from the management of the processes in service provision. The project draws on the extensive experience of the Bank in the area of services to citizens, public management and procurement and contracting systems.

The proposed solution is consistent with the diagnosis and includes activities in the three dimensions. The document proposes the financing of three components: i) Development of integrated service centers, ii) Internal management Improvements and simplification of processes and iii) Strengthening of procurement and contracting processes. The results matrix has a clear logic in which it is expected that the availability, timeliness, and improvement of services, the simplification of the management of internal processes and an increased competitiveness, efficiency and accessibility of public procurement rules, will result in an improvement in the perception of citizens regarding the quality of services offered by public entities in the municipalities involved.

A brief but comprehensive economic analysis is included which focuses on the savings generated by the expected improvements in procurement systems and processes.

The document has a complete monitoring and evaluation plan which includes an ex-post cost-benefit analysis and a semi-experimental differences in differences estimation.

RESULTS MATRIX

Objective: The project's general objective is contribute to improved quality in the management and delivery of public services by meeting the following specific objectives: (i) improve access to the public services available at brick-and-mortar service centers and timeliness in their delivery; (ii) rationalize crosscutting processes, simplify formalities related to service delivery, and train public servants in citizen service skills; and (iii) obtain better value for money in public procurement and contracting.

EXPECTED IMPACT

EXPECTED IMPACT							
Indicators	Unit of measure	Baseline		Targets		Source/Mean of verification	Remarks
		Value	Year	Value	Year		
EXPECTED IMPACT: Improved quality of management and provision of services							
Improvement in citizen perceptions regarding the quality of services offered by public entities in the targeted municipios.	Value from 1 to 5	3	2011	3.8	5	2012 data: Survey conducted by the InfométriKa-Sigma consortium for DNP-PNSC. Year 5 data: Perceptions survey commissioned by DNP-PNSC, according to the agreed methodological formulation.	The baseline datum is from the survey conducted by the InfométriKa-Sigma consortium in 7 cities among a total of 11,754 people over the age of 18. The project has budgeted resources for a survey to measure this indicator at the end of execution, ensuring that methodologies are used that allow for a comparison of results. As part of the impact assessment proposed in the monitoring and evaluation plan, a differences-in-differences analysis will be performed to identify the specific impact attributable to the project and reduce the influence of externalities.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/ Means of verification	Remarks
		Value	Year	Value	Year	Value	Year		
COMPONENT 1 OUTCOMES: Services available at bricks-and-mortar Integrated Service Centers and more timely service delivery.									
National government services in municipios where the Integrated Services Center model was implemented.	Services offered	M1= 53 M2 = 53 M3 = 66 M4 = 66	2013	M1= 53 M2 = 85 M3 = 66 M4 = 100	3	M1= 85 M2 = 85 M3 = 100 M4 = 100	5	Total number of national services offered in the municipio. Data: DNP-PNSC	Baseline: The prioritization of municipios by the DNP identifies municipios similar to Chaparral and San Andrés; thus, the services now being offered there will serve as references. The nomenclature M1 and M2 refers to municipios with populations of between 40,000 and 60,000, while M3 and M4 represent municipios with populations of between 60,000 and 80,000. The differences in midterm targets are attributable to the different times when the Integrated Service Centers will be opened.
Citizens that have to make more than two visits to the Integrated Service Center to complete a single transaction.	% of citizens served	61.3%	2010	N/A	3	45%	5	Baseline: Citizen service satisfaction survey conducted by IPSOS Napoleón Franco for DNP-PNSC (2010) Year 5 data: Integrated Service Centers and DNP-PNSC	The baseline data correspond to the survey by IPSOS Napoleón Franco of 5,255 citizens who had performed some type of management transaction at national public agencies in the city of Bogotá. For Year 5, information will be gathered through onsite surveys at the Integrated Service Centers.
Citizens satisfied with the clear language and form of expression used by personnel addressing their request or requirement at the Integrated Service Center.	% of citizens served	44%	2012	NA	3	80%	5	Baseline: Survey conducted by the Infométrika-Sigma firm (2012) Year 5 data: Integrated Service Centers and DNP-PNSC	The baseline data is from the survey conducted by the Infométrika-Sigma consortium in 7 cities of a total of 11,754 people over the age of 18. For Year 5, information will be gathered through onsite surveys at the Integrated Service Centers.

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/ Means of verification	Remarks
		Value	Year	Value	Year	Value	Year		
COMPONENT 2 OUTCOMES: Management of internal processes simplified.									
A crosscutting management process reformed and implemented at Public Administration agencies.	Number of agencies	0	2013	5	3	15	5	Year 1 and year 5 data: Master Transaction Information System (SUIT) – DAFP.	Crosscutting processes that will be reformed and simplified with program resources include management of human talent, records management, and interagency correspondence.
COMPONENT 3 OUTCOMES: Increased competitiveness, efficiency, and accessibility of the public procurement system.									
Index of the perception of business owners/operators (government bidders) regarding the quality of public contracting support services they receive from the ANCP.	Value from 1 to 5	N/D	2013	N/A	3	+25%	5	Data: Perception survey to be commissioned by the DNP-PNSC and ANCP, in accordance with the agreed methodological formulation.	For the period from year 1 to year 5, there will be ongoing use of satisfaction surveys to gather information on this and other indicators of interest. The DNP-PNSC has added up to 500 million Colombian pesos to its fiscal 2013 budget for conducting this technical study. The project has budgeted resources for a survey to measure this indicator at the end of execution, using methodologies that allow for a comparison of results. The baseline will be a number between 1 and 5, and the target will be an increase of 25% over the base year datum established by this survey at the entities that access ANCP services (initially, national entities) (2013).
Competency, value for money, and controls in contracting.	D;D+;C;C+; B;B+;A	B	2011	N/A	3	B+	5	PEFA PI-19 index – World Bank and IDB	Detailed methodology is described at the following link: http://www.pefa.org/pfm_performance_framework_mn.php

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/ Means of verification	Remarks
		Value	Year	Value	Year	Value	Year		
Relative percentage reduction in the purchase price used for procurement of gasoline at national government agencies using the framework agreement, compared to a set of agencies not using the agreement.	Percentage	0%	2013	1%	3	1%	5	ANCP	In accordance with the monitoring and evaluation plan, a treatment group and control group will be identified with the following categories: Treatment: Agencies using ANCP services for goods procurement under framework agreements. Control: Agencies meeting the following conditions: (i) National, decentralized, or department-level with public contracting mechanism; (ii) Average monthly consumption of gasoline equivalent to 90% or more of the average monthly consumption of the treatment group. An additional point of reference may be the maximum sale price to the public published in the MME's SICOM.
Number of agencies that use ANCP services for the procurement of goods under framework agreements.	Number of agencies	0	2013	N/A	3	110	5	ANCP	This indicator is a proxy for the reduction in administrative costs resulting from improvements in public contracting systems. Given that there is no information on the itemized costs of the contracting units of the various national government agencies, the savings to the government can be estimated as the cost of providing a service for the ANCP, multiplied by the number of times it is provided. For example, the savings generated by procuring a good such as mandatory automotive insurance (SOAT) would be equivalent to the cost associated with ANCP activities, multiplied by the number of agencies that used the established framework agreement. The assumption is that, if the ANCP did not exist, the various contracting units would have to perform the task. Among the possible services offered by the ANCP are the procurement of uniform goods, support for single procurements, and certification of bidders.

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/ Means of verification	Remarks
		Value	Year	Value	Year	Value	Year		
									<p>Described by the following equation: $A = \sum Cs \times Us$ where: <i>A</i>: Administrative savings <i>s</i>: Service provided by the ANCP <i>Cs</i>: Cost of the service <i>Us</i>: Number of times the service was used by a government agency.</p> <p>Given the short life of the agency and the absence of historical information on many of these services—even from tests—the number of agencies that used the various ANCP services will be used as a proxy for the savings figure.</p> <p>For more information on the rationale for this indicator, see “Does e-procurement save the state money?” (Singer, Konstantinidis, Roubik and Beffermann, 2009). Journal of Public Procurement, Vol. 9, issue 1, 58-78.</p>
Coverage of contracting processes at SECOP.	Percentage	30%	2013	60%	3	80%	5	Amount of the contracts published by national government agencies through SECOP / Amount of procurements conducted by national government agencies. Source: ANCP and MHCP.	

OUTPUTS

Output	Total estimated cost per output (US\$000s) ¹	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Source/ Means of verification
Component I: Development of Integrated Service Centers and improvement of the Public Administration's citizen communication mechanisms (total US\$8,663)										
1. Integrated Service Centers in operation. The centers will be deemed to have entered into operation when they are providing the service to citizens according to the quality standards set in the design stage.	7,963	Integrated Service Centers	0	0	0	2	1	1	4	Six-monthly project report DNP's annual report to Congress
2. Tests of methodology to profile demand at national agencies implemented. The methodologies will be deemed to have been implemented when the demand at the national agency being studied has been profiled.	500	Tests	0	0	2	7	6	0	15	DNP-PNSC
3. Strategy for implementing language simplicity laboratories designed at the subnational level. A strategy will be deemed to have been designed if it has all of the criteria for simplifying language and training the public servants who will use them to improve citizen services.	200	Laboratories	0	0	1	0	0	0	1	DNP-PNSC
Component II: Improvement of internal management and simplification of procedures (total US\$2,042)										
1. Processes and procedures rationalized and implemented (rationalized, instituted, and systematized). Processes and procedures will be deemed to have been rationalized if they were analyzed and simplified for the purpose of optimizing the resources of both the government and citizens.	1,372	Processes and procedures	0	0	1	2	1	1	5	Methodologies/ SUIIT and single reporting and operations form
2. Transactions rationalized and implemented (rationalized, instituted, and systematized). Transactions will be deemed to have been rationalized if they were analyzed and simplified for the purpose of optimizing the resources of both the government and citizens.	70	Transactions	0	0	5	0	0	0	5	Methodologies/ SUIIT and single reporting and operations form
3. Training events to develop skills of public servants.	600	Number of events	0	0	2	2	2		6	Six-monthly project report

¹ Estimated exchange rate: 1,800 Colombian pesos per US\$1.

Output	Total estimated cost per output (US\$000s) ¹	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Source/ Means of verification
Component III: Strengthening of the Public Procurement System (total US\$7,600)										
1. New e-procurement information system modules up and running. The modules will be deemed to be up and running when they are in operation and can perform the tracing functions for which they were designed.	4,975	Modules	0	0	2	2	0	0	4	ANCP Report on the e-procurement information system
2. Subnational-level market studies of goods and services with uniform technical characteristics.	300	Market studies conducted	0	0	10	5	5	0	20	ANCP
3. Strategies for knowledge management and change management in operation. The strategies will be deemed to be in operation when they are being implemented and used by the ANCP for the ongoing improvement of the national public procurement system.	2,343	Strategy	0	0	1	0	0	0	1	Report on deployment of the change management strategy
TOTAL, Components 1, 2, 3	18,305									
Project management teams	1,225									
Administration and management	520									
DNP management team	380									
ANCP management team	325									
Survey of perceptions of the quality of services	115	Survey	0		1				1	Six-monthly Project report
Midterm, final, and impact evaluations	190	Evaluations	0			1		2	3	Approval of evaluations by the Bank
External audits	110	Audits	0	1	1	1	1	1	5	Reports
Contingencies	55									
ESTIMATED TOTAL FOR THE PROJECT	20,000									

References

- Gelter, P., Martínez, S., Premand, P., Rawlings, L., and Vermeersch, C. (2011). *Impact Evaluation in Practice*. The World Bank: Washington D.C.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Colombia
Project number:	CO-L1102
Name of program:	Citizen Service Efficiency Project
Executing agency:	National Planning Department (DNP)
Coexecuting agency:	National Public Contracting Agency – Colombia Compra Eficiente (ANCP)
Prepared by:	Miguel A. Orellana, financial management; Rodolfo Gastaldi, procurement management

I. EXECUTIVE SUMMARY

- 1.1 The analysis of the fiduciary management capacity of the National Planning Department (DNP) was based on the analysis done by the Bank during preparation of project CO-L1109 (“Support for National Logistics Policy Implementation”) in June 2012, and the recent institutional capacity update done by the audit firm for loan 2079/OC-CO, PriceWaterhouseCoopers, in November 2012 as part of the 2012 audit. Those assessments employed the following tools: (i) “Detailed Evaluation of the Executing Agency’s Capacity to Administer Procurements” (validated in April 2013); and (ii) “Institutional Capacity Assessment System (ICAS).” Currently, the DNP has satisfactorily implemented the Programs to Support Private Participation and Concessions in Infrastructure (loans 1594/OC-CO, 2079/OC-CO). The assessment concluded that the DNP has sufficient capacity to conduct project financial management, resource administration, and procurement activities. The DNP’s fiduciary risk in financial management is low. The risk in the procurement area is also low. In the case of the coexecuting agency, the National Public Contracting Agency (ANCP), the assessment was based on the ICAS and analysis of the entity’s main processes to be used in execution of the operation, as well as its team. The evaluation concluded that the ANCP has sufficient capacity to execute the operation. The fiduciary risk in both financial management and procurement management is low.
- 1.2 According to the PEFA evaluation, Colombia’s Public Finance Management system is a mature system that performs well in most areas, but does not yet fully conform to international standards. In addition, the Public Contracting System is regarded from the regulatory standpoint as effective and consistent with internationally accepted practices, but its use has not yet been authorized for Bank loan operations. The DNP uses the SIIF Nación 2 Integrated Financial Information System for control of budget, accounting, and cash management, which are

available online. The DNP also has the “SEVEN” accounting software, which it will use to record transactions in detail and generate reports to be required for the project.

- 1.3 The project does not include a counterpart contribution or financing from other multilaterals. As coordinator in dealings with the Bank, the DNP will monitor activities and consolidate tracking reports during execution.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The DNP and the ANCP will keep the project accounts in the SIIF Nación 2 system. However, the DNP, as the coordinator/executing agency, will control and consolidate the project’s accounting information using the “SEVEN” accounting software, which allows detailed information to be generated. The DNP will establish a coordination unit responsible for coordinating the financial and administrative procedures related to the project, such as budget, cash management, general accounting, and delivery of reports. The ANCP will establish a coordination unit responsible for financial and administrative procedures related to the project, such as budget, cash management, accounting, and reports on the component to be executed under its responsibility, as well as for procurements, with support from the DNP.
- 2.2 Among its strengths in financial management, the DNP documents and formally approves all activities through an information system accessible to all staff for consultation. The internal control system is effective, and external control of the agency is exercised by the Comptroller General of the Republic (CGR). The DNP has financing, procurement, and contracting specialists experienced in multilateral bank projects, who are currently responsible for loan 2079/OC-CO and are performing satisfactorily.
- 2.3 The ANCP, given that it was created only recently (Decree 4170 of 3 November 2011), is still working to get its operations up and running. The accounting and cash management area staff have experience performing these duties, having come from the DNP. They are trained on the SIIF Nación 2 system and have a complete mastery of all aspects of budget availability certificates and budget registers.
- 2.4 The DNP has effectively assigned functions for administering procurement processes financed with country and multilateral banking resources in the precontractual, contractual, and postcontractual stages. The DNP also has instructions applicable to contracting processes financed with multilateral banking resources. These instructions are contained in the Contracting Manual (2012 Update).
- 2.5 The Contracting Group of the Office of the Chief of Staff to the President is involved in conducting procurements under the responsibility of the DNP. The Contracting Group has been conducting procurement procedures financed with resources from loan 2079/OC-CO, gaining valuable experience.

- 2.6 The procedures employed by the DNP in administering the procurement cycle fully meet the requirements of the policies for procurements financed by the Bank. The ANCP, however, lacks experience with the Bank's procurement policies and procedures; its knowledge is limited to the current national legislation for public entities. The entire procurement process is based on the annual plan, establishing the relevant commitments and timeframes for the various stages of the procurement cycle and using the mechanisms provided by law for the publication of terms of reference, bidding documents, etc.

III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

- 3.1 Thus far, the staff to be assigned to the project execution/coordination units (at both the DNP and ANCP) have not yet been appointed. Consequently, no project risk management (PRM) evaluation was performed. The PRM will be conducted once these units have been formed, prior to execution of the operation.

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACTS

- 4.1 In financial management, the following will be special conditions precedent to the first disbursement:
- (a) Selection of the management team coordinators at the DNP and ANCP, and approval of the project Operations Manual by the project's participating entities with the Bank's prior no objection. In addition, before the DNP can transfer any project resources to the entity supporting it in the management and contracting of the activities under Components 1 and/or 2: (i) the two entities must have entered into an agreement for use of the resources and execution of the activities under Components 1 and/or 2, in accordance with Bank policies and procedures and the corresponding loan contract; and (ii) the entity engaged by the DNP must have selected the corresponding team, in accordance with the project Operations Manual.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 Procurement processes financed with the Bank loan proceeds will be conducted in accordance with the Bank procurement and contracting policies contained in documents GN-2349-9 and GN-2350-9.
- A. Procurement execution**
- 5.2 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services¹ generated under the project and subject to international competitive bidding (ICB) will be executed using harmonized documents for Colombia agreed upon with the Bank. Contracts subject to national

¹ "Policies for the procurement of goods and works financed by the IDB" (document [GN 2349-9](#)), paragraph 1.1: Nonconsulting services are treated as goods.

competitive bidding (NCB) will be executed using harmonized NCB documents for Colombia agreed upon with the Bank.

- 5.3 **Procurement of information technology systems** will entail no specific advisory support on issues related to technical specifications.
- 5.4 **Selection and contracting of consulting firms.** Contracts for consulting services will be executed using the harmonized standard request for proposals for Colombia agreed upon with the Bank.
- 5.5 **Direct contracting.** N/A.
- 5.6 **Selection of individual consultants** will be conducted in accordance with Document GN-2350-9, Section V.
- 5.7 **Advance procurement/retroactive financing:** N/A.
- 5.8 **Domestic preference:** N/A

B. Table of threshold amounts (US\$)

Works		Goods		Consulting Services	
ICB*	NCB (complex works)**	ICB*	NCB (complex goods)**	International publicity Consulting	Short list with no nationality restrictions
US\$10 million or more	US\$350,000 to US\$10 million	US\$1 million or more	US\$50,000 to US\$1 million	US\$200,000 or more	US\$500,000 or less

* The shopping method may be used to procure simple works and off-the-shelf goods for amounts below the ICB threshold.

** The shopping method may be used to procure complex works or complex goods for amounts below the NCB range.

- 5.9 **Main Procurements.** Procurements in the first 18 months are reflected in the Procurement Plan contained in the required annex to the proposal for operation development (POD), and are not technically complex nor involve procedures meriting special mention.
- 5.10 **Procurement supervision.** The ex ante review modality will be employed in the initial phase of loan procurements. The ex post review modality will be assessed by the project team and may be implemented once the execution unit staff have been trained. Single-source selection will be excepted, and always subject to ex ante review.

C. Special provisions

- 5.11 **Measures to reduce the likelihood of corruption.** Procurement: N/A.

D. Records and files

- 5.12 **Procurement.** The DNP has record-keeping systems containing complete and ordered documentation of procurement processes for the precontractual,

contractual, and postcontractual stages. According to the record-keeping requirements, physical documents must be retained for 20 years.

E. Financial management

- 5.13 **Programming and budget.** The national government, acting through the National Public Budget Office and the National Planning Department (DNP) is responsible for the budget programming process, which concludes with passage of the Annual Budget Law by the Congress of the Republic. The project resources will be included in the DNP and ANCP national budget allocations and controlled through the SIIF Nación 2 system.
- 5.14 **Accounting and information systems.** The General Accounting Office (CGN), the apex authority for public accounting in Colombia, issues directives on keeping accounts tied to the national public budget. SIIF Nación 2 is the official public accounting system and will be used by the DNP and ANCP for project budget, accounting, and treasury control. In addition, the DNP has the “SEVEN” system for detailed project accounting. The ANCP is to procure parallel accounting software that will provide the detailed information necessary to submit reports to the Bank, because the reports generated by the SIIF Nación 2 accounting and reports subsystem are not itemized or classified by investment category. Records will be kept on an accrual basis; however, the project’s audited financial statements will be prepared on a cash accounting basis.
- 5.15 **Disbursements and cash flow.** Resources from external borrowing, like other resources of the Nation, are executed through the SIIF Nación 2 system. For project cash management, both the DNP and the ANCP will open a special foreign-currency bank account in the project’s name at Banco de la República (designated account), to be used exclusively for the operation resources. The DNP and the ANCP will each prepare their disbursement requests. The disbursement method will be advance of funds, based on liquidity requirements for a period of up to six months. These advances will be accounted for as established in document OP-273-2, “Financial management policy for IDB-financed projects.” In addition to the cash flow projection, disbursement requests must be accompanied by the reconciliation of the special account and the implementation status of technical and fiduciary performance commitments. Supporting documentation for expenditures will use the exchange rate on the effective date of the expenditure.
- 5.16 **Internal control and internal audit.** The DNP and the ANCP each have an internal control office. Internal control at both institutions is based on the Standard Model of Internal Control (MECI: 2005) and the principles of self-regulation, self-management, self-control, and continuous improvement. It also makes use of risk maps developed for each of the processes included in the quality management system. The Bank will not use the services of the internal control offices because their audit plans do not include the review of projects.
- 5.17 **External controls and reports.** External control of the DNP and ANCP is performed by the Office of the Comptroller General (CGR), through public audits of the entities. Since the CGR is currently ineligible to audit IDB-financed projects,

the project will use the services of a private, independent audit firm acceptable to the Bank, contracted by the DNP in coordination with the ANCP. The project's audited financial statements will be annual and deliverable to the Bank within four months after the close of each fiscal year, in accordance with the previously agreed procedures and terms of reference. The terms of reference will list the required reports, including procurement review in addition to the Bank's processes and reviews.

- 5.18 There is no national policy on public disclosure of audit reports. However, in accordance with the current IDB policy on information access and disclosure, the project's audited reports must be published in the Bank's systems.

F. Financial supervision plan

- 5.19 Based on the findings of the capacity assessment analysis, the financial specialist will conduct one onsite review per year and desk reviews of the audited annual and final financial statements. The project auditor will verify that the resources were executed in accordance with Bank policies and procedures concerning fiduciary management and the conditions stipulated in the project Operations Manual. The auditor will make inspection visits to the entity. The fiduciary supervision visits will include verification of the financial and accounting arrangements used for project administration and monitoring of implementation of the independent auditor's recommendations, among other tasks.

G. Execution mechanism

- 5.20 The borrower will be the Republic of Colombia. The coexecuting agencies will be the DNP and ANCP. The DNP will execute Components 1 and 2, and may enter into an agreement with an entity for the planning of selection and contracting activities for site preparation works for the Integrated Service Centers, goods, and services, including the associated supervision activities, in accordance with IDB procurement and contracting policies. The ANCP will execute Component 3, for which it will have complete technical, operational, and financial autonomy.
- 5.21 The coexecuting agencies will form separate management teams within their respective internal structures, to ensure full-time staff devoted exclusively to the tasks of project execution. At the DNP, the management team will consist of a coordinator and a financial/accounting specialist. Additionally, for implementation of the Component 2 activities, the coordinator will maintain ongoing, fluid communication with the Administrative Department of the Civil Service (DAFP) through a selected point person at that institution. The project coordinator at the DNP will be responsible for technical leadership of the project in dealings with the Bank, submitting formal requests for disbursement of the loan proceeds and coordinating all management information to be delivered in a consolidated format, including status reports, annual work plan (AWP), project execution plan (PEP), and audit and evaluation reports.
- 5.22 The DNP will coordinate the following functions in relation to Components 1 and 2: (i) conduct procurements of goods and services and the selection and

contracting of consulting services; (ii) conduct financial management of the loan proceeds and deliver the audited and unaudited financial reports established in the loan contract to the Bank; (iii) prepare and update all AWP, PEPs, procurement plans, and the financial plan, to be delivered to the Bank with the format and frequency established in the POM; (iv) engage the necessary consultants to perform audits and evaluations, and conduct monitoring and supervision of the activities executed.

- 5.23 The ANCP management team will consist of a coordinator, a procurement specialist, a financial/accounting specialist, and a planning and monitoring specialist, two of whom will be financed by the loan, while the others will be staff appointed specifically by the ANCP.

H. Other financial management agreements and requirements

- 5.24 There are no agreements additional to those described above. However, these may be adjusted as the project proceeds.