COLOMBIA: PROGRAMMATIC STRATEGIC ENGAGEMENT ON PUBLIC SECTOR MANAGEMENT AND GOVERNANCE

CONCEPT NOTE

March 14, 2011
Public Sector and Governance Unit (LCSPS)
Poverty Reduction and Economic Management Unit
Latin America and the Caribbean
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1. OVERVIEW

1.1. This concept note presents the strategic engagement of the World Bank in the areas of Public Sector Management and Governance in Colombia. It describes the short and medium term approach through which the Bank will provide support to the country on those areas of reform, as well as their links and synergies with other sectors’ activities. It also provides a summary of the Bank’s Public Sector Management and Governance recent activities and their links with the program proposed by this strategy.

1.2. This concept note lays out the strategy and program of financial support, knowledge and convening services to continue supporting the Government’s public sector reform agenda in a demand-driven and flexible manner. The program aims to contribute to improve sustained and inclusive growth and competitiveness through strengthened government’s management and improved service delivery. Its objectives are aligned with the National Development Plan (NDP) pillars and cross-cutting themes of Good Governance and Regional Development and Integration, as well the Country Partnership Strategy (CPS) outcomes. The Programmatic Knowledge Services (PKS) is a multi-year program (FY12-13) to be delivered by the LCR Public Sector Group (LCSPS). The program is tailored in response to current client demand, but its knowledge and convening services can be flexibly redesigned to reflect changes in this demand.

1.3. PKS strategy are structured around two areas of engagement and its overall program will be subject to annual reviews and guided by an Advisory Group. The first area of engagement is focused in a sustained support to strengthen National Government Management Institutions (NGMI). The second area of engagement is aimed to increase Bank’s support to the strengthening of the decentralization framework and the management capacities of sub-national governments. To monitor performance, the strategy and it’s program identifies a set of results indicators with annual targets. The strategy and program will be subject to annual progress reviews, chaired by the Country Director, in which a progress report (for the preceding year) and the concept note (for the subsequent year) would be discussed. An Advisory Group will support these reviews.

1.4. The remainder of this note is structured as follows: (i) section 2 summarizes the trend public sector reforms have been following in Colombia; (ii) section 3 provides an overview of the trajectory the reform key NGMI has followed in Colombia, summarizing the current status of government’s efforts in this area and outlining the pending policy reform agenda; (iii) Section 4 presents a review of past Bank engagement in NGMI’s reforms and a description of the proposed strategy to respond to the government’s priorities and pending reform agenda, including key expected outputs; (iv) section 5 provides an overview of the trajectory decentralization reform has followed in Colombia, summarizing the current status of government’s efforts in this area and outlining the pending policy reform agenda; (v) Section 6 presents a review of past Bank engagement in decentralization reforms and a description of the proposed strategy to respond to the government’s priorities and pending reform agenda, including
key expected outputs; and, (vi) Section 7 contains a resource section, describing the timeline of proposed activities, budget, team composition, and processes for quality review, monitoring and evaluation.

1.5. **This Strategy is not intended to discuss the methodological aspects of the analytical and/or operational tasks included in its program, which will be developed in the process of preparation of each task.** The quality assessment of the proposed tasks will be subject to internal quality review process: knowledge and convening services tasks will be subject to Quality Enhancement Reviews (QERs) led by the Unit’s Sector Manager when this is agreed with the CMU, while lending and standard analytical tasks will follow the standard quality control processes.

2. **OVERALL TREND OF PUBLIC SECTOR REFORMS IN COLOMBIA**

2.1. **The Bank and the Government are aware that macro reforms do not always work by themselves; for their proper operation and effectiveness they usually require complementary micro-reforms in public sector management aimed to adjust the organization, functions and operation of the agencies in charge of the implementation of reforms.** For this reason in the last decade a large set of reforms has been implemented to improve government operations. The improvement of NGMI has been central to the Government’s public sector modernization efforts. Substantial progress has been made in the last decade in the development of CGMI including its frameworks and systems, covering macro-programming and debt management functions, the revenue (tax and customs policy and administration) and expenditure sides (public financial and investment), as well as monitoring and evaluation (M&E) through the implementation of the performance-informed Public Sector Performance Evaluation System (Sistema Nacional de Evaluación de Resultados de la Gestión Pública – SINERGIA). SINERGIA’s main purpose is to provide information on progress made toward implementing the National Development Plan1 to the President who, in turn, informs Congress and civil society.

2.2. **More recently approved, reforms in the decentralization framework are also part of this reform trend and include Legislative Act 04 of 2007 and Decree 28 of 2008 which assigned the National Government the task of defining a strategy to monitor, trace and control the use of resources from the General Participations System (SGP); as well Legislative Act 05 and Decree 373 of 2011 which creates a new royalties regime.** Both reforms aim at ensuring the adequate use of the transfers and the compliance of delivered services with the coverage and quality targets/goals stated by

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1 The National Development Plan is a key planning tool and legal instrument that guides the President’s agenda during the four-year presidential term. As mandated by law (Law No. 152, 1994) and the 1991 Constitution (Art. 339, Title XII), presidential candidates submit their electoral platform (programa de gobierno) to the National Registry (Registraduría Nacional del Estado Civil) at the time they register their candidacy. Once elected, the electoral platform constitutes the basis for the National Development Plan, which reflects the policies to be implemented by the newly elected President. Unlike in other countries where planning tools are primarily formal instruments, Colombia’s National Development Plan is a highly prominent tool for assessing the government’s performance.
the national policies, as well the efficiency in the use of the royalties. Finally, to consolidate the fiscal position Congress recently approved a new fiscal rule and a constitutional amendment making fiscal sustainability a criterion all public authorities must consider for budget appropriation purposes.

2.3. All these measures aimed to enhance the efficiency, effectiveness and transparency of public administration has shown notable progress under the two last administrations, when enhancing public sector management has constituted a top priority of the agenda. This has been reflected, for example, in the improvement of Colombia’s relative ratings on all six dimensions of the WBI’s Worldwide Governance Indicators between 2002 and 2008. It now ranks in the 50th percentile or above in government efficiency, regulatory quality, and control of corruption. These ratings are consistent with those of Transparency International, which show that 62 percent of Colombians perceive their government as either very or somewhat effective in the fight against corruption, compared to just 29 percent for the region as a whole. Colombia also fares well in terms of the timeliness with which budget information is made accessible to the public during each of its main phases (see figure 1). The improvement in public sector management has also impacts in the business environment. As noted in the Doing Business in a more Transparent World 2012 report, Colombia is an active reformer in the Latin America and Caribbean region, ranking 42 out of 183 countries in terms of the ease of doing business and one of the economies that improved in 3 or more areas of regulation from the ease of doing business in 2010/2011.

Timeliness of budget information during each of its main phases (2007)

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2 The six dimensions reflected in the World Bank’s Governance Indicators are: voice and accountability; government efficiency; rule of law; regulatory quality; and control of corruption (World Bank Institute 2008; http://info.worldbank.org/governance/wgi/index.asp; retrieved on 11 August, 2009).


4 This indicator measures the timeliness of budget information during each of its main phases. It is built on the basis of a survey completed by experts and users of budget information, an expert analysis of practical conditions of the budget process, guided by a questionnaire, and finally a framework linking the perceptions survey and the practical questionnaire. The indicator is based on the following attribute: With what degree of timeliness is budget information made public during each of its phases (budget formulation, budget discussion / approval, budget execution, budget control / oversight. The indicator values are determined by calculating the percentage of positive responses for the attribute. Thus, the theoretical range of the indicator is from 0% to 100% with higher scores reflecting greater timeliness of budget information.
3. REFORMS AND PENDING AGENDA IN THE NATIONAL GOVERNMENT MANAGEMENT INSTITUTIONS

3.1. **In the revenue side** Colombian governments has been recently taking measures to improve the tax policy framework and collection, as well to contribute to budget predictability. The introduction of tax reform aims to raise the revenue-to-GDP ratio and improve the efficiency of the tax system. Law 1430 and Decree 4825 are expected to result in a permanent increase in the tax revenue of an average of 0.6 percent of GDP per year in 2011-14 relative to the 2010 baseline. The tax reform supports the objective of budget predictability and stability by establishing a clear medium-term time path for individual tax rates. The major elements of the tax reform include: (a) the elimination of the tax credit for investment in fixed assets of firms, (b) closing of loopholes of the financial transactions tax, (c) a gradual phase-out of the financial transaction tax, (d) a reduction of the energy surcharge levied on firms, and (e) an increase in the base and rate of the wealth tax. The Integrated Income, Service, and Management Model (MUISCA) exhibits a significant level of maturity and has already yielded tangible benefits including reductions in tax non-compliance and improved overall efficiency of tax administration. These measures jointly with the introduction of a fiscal rule with a stabilization fund seek to reduce and limit the structural fiscal deficit and contribute to budget stability.

3.2. **From the revenue side further efforts are required to raise revenue collection.** The revenue-to-GDP ratio in Colombia remains low relative to peers, in part, because of a relatively narrow and volatile tax base. The reforms being implemented by the authorities represent important progress in expanding the tax base, but further initiatives to remove tax exemptions and areas of under-taxation would be important. The tax system is also complex to administer and prone to tax avoidance, so additional steps of simplification are needed. A more selective approach to tax audits based on risk assessments and enhanced taxpayers services are also important for Colombia as it modernizes its revenue administration. The objective should be increase the non-oil tax ratio over the medium-term based on efficiency gains on income and consumption taxes.

3.3. **In the expenditure side the launching of the Integrated Financial Management System (SIIF-NACION) in 2011 is also contributing to increase transparency, control and predictability in budget management.** Transparency of budget management is being increased through the recent launching of the “Economic Transparency Portal” which shows information on National Government budget execution and payments. The Unified Public Finances and Investments System (SUIFP) succeeded in overcoming a difficult start and have shown remarkable progress.

3.4. **The on-going implementation of the Treasury Single Account (TSA) will contribute to increase transparency, control and predictability in budget management.** The

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5 For instance, the financial transaction tax will be gradually eliminated in 2014-18 and the surcharge on the wealth tax is only effective in 2011-14.

6 http://www.pte.gov.co/Home
international standard for a Treasury Single Account (TSA) are not currently in place in Colombia. The more than one hundred and fifty public sector entities that form part of the National Budget System (PGN) currently operate with about three thousand individual bank accounts, where one part of public resources is managed by Treasury and the other part is managed by each entity. Cash surpluses on individual accounts are used to purchase government treasury bills (TES) on a daily basis. This system contributes unnecessarily to domestic debt creation and involves interest payments from Treasury to the public sector entities. The National Development Plan Law of May 2011, in its Article 225, creates a TSA which will cover the entire national budget system except for entities that provide social services. A series of subsequent steps would be necessary to fully implement the TSA, including: (i) the development of the implementing regulation, (ii) the design of the conceptual model for the system, (iii) the development of the associated information systems, and (iv) the introduction of the new system. These steps are expected to be concluded by mid-2012. The Government is planning to reform the existing system by integrating payroll payments, ensuring that payments are made to the final beneficiary, implementing a system of bank reconciliation and gradually eliminating physical bank accounts. The new system is expected to lead to cost savings, increased transparency and improved public sector management. Finally, comparison of databases between the National Treasury and the Revenue Authority (DIAN) could reduce the leakage of budget resources.

3.5. **The budget process is carried out in parallel by two different entities: the 'investment' budget is the responsibility of the DNP and the 'current' budget is prepared by the Ministry of Finance and Public Credit (Ministerio de Hacienda y Crédito Público – MHCP).** This institutional set-up results in an actual 'split' of the budget process into two largely parallel and independent tracks that overlap only in the final leg, when the MHCP puts together the complete budget documents. Several disadvantages arise, including: (i) budget proposals often far exceed available resources; (ii) there is no guarantee that the current expenditures generated by investment projects are included in the current budget; and (iii) diffuse and overlapping agency responsibilities make it difficult to visualize public sector production as an integrated function of both current expenditure and investment. In the short-run, enhancing the coordination between the DNP and the MHCP by promoting the integration of their PFM processes and information systems would be an important first step toward overcoming the present weaknesses in the budget process.7

3.6. **Budget management reform as the 'star reform' envisaged by the Minister of Finance for 2012.** The Government's vision is to develop a budget that becomes a "smart tool for public policy", that ensures an effective, efficient and transparent use of public monies. The Government would also like to implement a budget management process that continually evaluates State performance, with ongoing inter-ministerial coordination (i.e. with regular frequency: i.e. bi-weekly) that allows to take timely action to improve budget execution and performance, throughout out the year - not just during annual budget reviews. The budget management reform may include: (i) the introduction of a medium-term expenditure framework, consistent with the fiscal rule,

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7 Idem.
that allows to deliver on inclusive growth while maintaining fiscal sustainability; (ii) a review of the budget classification system (currently based on administrative and economic classification; but it does not allow to track spending according to key programs and results), (ii) a review of budget management arrangements (i.e. harmonization of budget classifiers according to international best practice; revision of the pros and cons of having separate capital and current budgets; and (iii) taking steps towards a performance-informed budget management system that ensures greater transparency and accountability for results, including a review of best practices in e-government and open data to better disseminate budget performance progress to Colombian citizens. This will be particularly critical as the royalties reform is generating citizens' demand for greater transparency and accountability in the use of the allocated resources.

4. BANK ENGAGEMENT AND PROPOSED STRATEGY AND PROGRAM

4.1. **The Bank has provided support to the Colombian NGMI in three phases.** In the first phase the Bank supported the establishment of the public management systems’ conceptual and regulatory frameworks as well as the early stages of SINERGIA’s development, through the first Public Financial Management Project approved in 1993. In the second phase the Bank supported the design and development of public management systems, through the second Public Financial Management Project approved in 2001, which included the strengthening of the Integrated Financial Management Information System SIIF-first version, the design of its second version (SIIF-Nación), the implementation of the Unified Investment Management System (Sistema Unificado de Inversiones y Finanzas Públicas – SUIFP) and Integrated Tax and Customs Administration System (Modelo Único de Ingresos, Servicios y Control Autorizado - MUISCA). It also provided support to the strengthening of SINERGIA and its System of Programming and Management by Objectives and Results (Sistema de Programación y Gestión por Objetivos y Resultados – SIGOB).

4.2. **Since 2009 the Bank is in the third phase of support to NGMI.** The “Consolidation of Public Management Systems” Project is addressing some of the remaining challenges to fully make operational the main national government management systems. Through this project all the above mentioned systems became fully operational. Besides, this project has contributed to open the policy dialogue with the government in issues related with budget predictability, transparency and stability. Strengthening fiscal institutions beyond the fiscal rule is a critical priority. The fiscal rule framework is an important step in the right direction, as it ensures medium-term fiscal sustainability and creates space for countercyclical responses in bad times. Going forward, the authorities need to focus more on the accompanying public financial management reforms that are needed to make the rule work in practice. These include, in particular, the need to integrate the medium-term fiscal framework in the budget process, enhance budget classification and reporting, and strengthen budget preparation procedures.

4.3. **The “Consolidation of National Public Information Management Systems” Project will continue supporting the implementation of SIIF-NACION ensuring that**
activities currently being executed to improve their functionalities and coverage are timely in place. The project’s closing date extension will be requested by the Government. The expected outcome of this activity will be the transfer of knowledge and experiences aimed to increase fiscal transparency and accountability through the improvement of the budget management.

4.4. The “Consolidation of National Public Information Management Systems” Project will continue supporting the implementation of the tax administration reforms ensuring that activities currently being executed to improve their operations are timely in place. The project’s closing date extension will be requested by the Government. The expected outcome of this activity will be the improvement of efficiency of tax administration operations to contribute to improve the fiscal situation and country’s competitiveness.

4.5. The Bank will continue providing technical assistance to help the government to implement the TSA. Programmatic Knowledge Services (PKS) resources will be used to provide information on international experiences implementing and managing TSA. Besides, a study currently being prepared aimed to assess the reforms processes completed in Guatemala and Ecuador will provide examples on recent and successful experiences of TSA implementation processes. The expected inputs of these activities will be the provision of technical information. The expected outcome of this activity will be the increase of fiscal transparency and accountability through the improvement of the budget management.

4.6. The Bank will provide technical services to the Government through the Programmatic Knowledge Services (PKS). They will include the preparation of a functional review to describe the characteristics of the budget processes, their strengths, weaknesses, and formal and informal arrangements; and exposure to international best practices and practitioners that around the world are implementing similar reforms (such as the governor of the state of Maryland, Martin O'Malley, who was named public official of the year in the US for implementing performance-based budget management reforms; and the practitioners behind the set-up of Tony Blair's delivery unit). The expected inputs of these activities will be the provision of technical information. The expected outcome of this activity will be the increase of fiscal transparency and accountability through the improvement of the budget management.

5. REFORMS AND PENDING AGENDA IN THE DECENTRALIZATION FRAMEWORK AND INSTITUTIONS

5.1. While Colombia has more than 20 years of decentralization, it continues to adjust its intergovernmental framework as it struggles to find the right balance between central control and local autonomy, equity in resource distribution, and higher efficiency in public spending. Given the extent of resources managed at the local level and their impact on service delivery and national development goals, the country as a whole has a keen interest in Subnational Governments (SNGs) efficiency and
effectiveness. Fine-tuning efforts to the decentralization framework in the last decade include the establishment of fiscal rules and an insolvency framework, reform of the fiscal transfer system, and the introduction of ear-marked transfers.

5.2. **Starting in the late 1990s the National Government introduced a series of measures to bring SNGs finances under control: increasing their own revenue collection, making fiscal transfers to SNGs more predictable in real terms, and introducing a legal and regulatory framework for fiscal responsibility in SNGs.** The Law 550, in combination with other laws, has succeeded in most cases in getting SNGs to reform their public finances and get the debt situation under control. Law 617 has complemented 550 in three ways: first its rules for fiscal restraint have helped to move SNGs out of fiscal jeopardy; second it has facilitated debt refinancing for some SNGs before they got far into default; and third it has helped most of the SNGs that went into the Law 550 process to reschedule their financial sector debt. A substantial and growing share of the entities requesting protection under Law 550 do so because their claimants have been using judicial orders to embargo the SNG’s accounts and resource inflows. The judicial orders are not used to enforce the regular order of priority of payments prescribed in fiscal legislation, but rather they are imposed ad hoc and one-by-one and thus typically change the effective seniority of claims. Even after they improve their financial situation, and sometimes even regain access to financial markets, SNGs that have been under Law 550 often prefer to stay there, because it grants them protection from the judicial embargos. This point to a problem of the ease with which claimants can get a judicial embargo, sometimes for claims with a dubious or corrupt origin. Law 550 is a clumsy way to address this problem, and the rules for judicial embargos need reform. 

5.3. **Expenditures by SNGs averaged about one third of total government expenditures from 2005-2010 and was 11.4 percent of GDP in 2010.** The share of SNGs in public spending overstates the fiscal autonomy of subnational governments, however, because nearly half of subnational spending consists of earmarked transfers for the provision of key services in the education, health and water sectors. Currently there are three main transfers from the National Government: the General Transfer System SGP -Sistema General de Participaciones, direct royalties, and rentas cedidas (national government taxes earmarked for certain local administrative activities). They represent around 58 percent of SNGs’ total revenues (the share of the SGP account for 47 percent, royalties for 9 percent, and rentas cedidas for 2 percent of total SNG revenues).

5.4. **Besides transfers and royalties, departments and municipalities also levy taxes.** On average, own revenue as a share of total revenue is 26 and 31 percent for departments and municipalities, respectively. While these values are relatively low compared with the expenditures responsibilities, the own revenue base of SNGs is much higher than in other unitary Latin American countries. SNGs’ total revenues increased from 7.6 percent to 10.4 percent of GDP between 2000 and 2010 as a result of the economic growth, improved revenue collection, and increases in transfers, which counted for most of the revenue increase.

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5.5. **Due to the poor performance in the delivery of key services a set of reforms has been approved since 2007.** Weaknesses in the expenditure operations of SNGs are an important constraint to efficiency in the delivery of services. Overcoming these challenges would make a substantial contribution to improving the coverage and quality of services. Financial, procurement, control and human resources management capacities have put the efficiency of expenditures at risk. Although improvements in the reporting system are in place, weak public financial operations may reduce cash management capacities and delay the payment of services. The important progress made at the Central Government level to reform the financial management system (SIIF NACION) has not extended to SNGs. Efficient operations and systems at the SNG level of government are the exception rather than the rule. Despite improvements in the legal and regulatory frameworks that govern procurement systems, sub-national governments lack adequate capacity to manage these systems, and thus use inefficient procurement practices. As a result, poor procurement management may negatively affect the timely delivery of medicines to hospitals or the quality of food provided to children in public schools. Weak tax collection operations and systems are reducing the availability of additional resources needed to finance SNG investment plans. The weakness of SNGs on the revenue side are contributing to the substantial and increasing gap between expenditures and revenues generated at the sub-national level. Out of a total of more than one thousand of municipalities, 92 percent collected only 30 percent or less of their total revenues in taxes. Only 12 municipalities or districts (including Bogota and Medellin) collected more than 50 percent of their revenues through taxation. Only 28 municipalities collected 80 percent of their municipal tax revenues or more.

5.6. **Following OECD experiences, recently legal reforms have empowered the national government to monitor and enforce SNGs’ compliance with coverage and quality goals stated for key services.** Legislative Act 4 approved in 2008 and Decree 28 approved in 2009 are oriented to improve the national government capacities aimed to oversight the efficient and effective provision of services at sub-national level. The new Decree 28 system states a set of risk events (or thresholds) that may trigger the application of preventive or corrective measures on SNGs by the Executive Branch. Preventive measures may include the agreement of “Performance Plans” between the National Government and a SNG by which specific measures –to be implemented by sub-national authorities- are set to mitigate or eliminate the risk event. Corrective measures include the Executive Branch’s authority to take temporarily over SNGs’ roles and resources in order to ensure the provision of services at risk.

5.7. **The drive towards performance-based transfers did not stop with the results-conditioning of general government transfers.** In June 2011 the Congress approved

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9 CFAA page 24

10 The lack of adequate financial management systems is confirmed by the fact that, according to the Bogotá Municipality authorities, 300 municipalities have formally requested its technical support to install its system, SICAPITAL. However, preliminary discussions between the Bogotá authorities and the Bank’s team confirmed that SICAPITAL needs further development and Bogotá’s capacity to transfer its system to additional local governments is exhausted.

11 CPAR page 26

11 CFAA page 24
another constitutional reform geared toward introducing results-conditions within the royalties system. In addition to the royalty reform, in June 2011 Congress approved the Territorial Entities Land Management Law (Ley de Ordenamiento Territorial). It complements the royalty constitutional reform by seeking to reduce the risk of investment fragmentation and low-quality projects from SNGs. It paves the way toward larger-scale projects by promoting the formation of investment-specific departmental or municipal associations. The new entities are similar to the associations of SNGs, either single purpose or multi-purpose that are being formed in the European region. New regional and provincial investment projects will be financed out of the new funds created by the royalty reform, namely the regional development fund and the compensation fund. The law also creates the “Comisión de Ordenamiento”, a technical and advisory body that will supervise the quality and execution of projects. It also introduces the concept of the “contrato-plan”, an inter-governmental coordinating tool by which the National Government delegates to SNGs associations the capacity to undertake projects that meet national priorities.

5.8. Finally a "Program to Strengthen Sub-national Institutional Capacities" has been mandated by the National Development Plan approved in 2011 and will seek to enhance management capacities at sub-national level to improve the delivery of services. These reforms constitute an important step aimed to strengthen State’s accountability to citizens in the delivery of services, transparency and efficiency in the use of public resources, and coordination of performance of different levels of government to align them to established national goals. All these changes are leading to a better distribution of resources and improved coordination among the national government and SNGs.

5.9. The main challenge the government is currently facing is the implementation of these reforms, through the strengthening of national government’s capacities to coordinate and monitor SNGs’ performance; and the strengthening of SNG’s capacity to manage their operations and service delivery. Within SNGs, weak internal organization, poor operational management and inadequate administrative practices are recognized by various analyses as key reasons for weak and even failed service delivery.

6. BANK ENGAGEMENT AND PROPOSED STRATEGY AND PROGRAM

6.1. Through its long engagement with Colombia, the Bank has gained significant knowledge and expertise in the Colombians decentralization and its challenges. The Bank has provided substantial knowledge services including studies through the “Colombia Programmatic Decentralization Support” and “Colombia Programmatic Knowledge Services” like “Colombia Decentralization: Options and Incentives for Efficiency” (2009) and “Creation of SNGs capacities to improve fiscal transfer management ” (2011); convening services like the organization of a workshops to provide international experiences on coordination mechanisms between central and SNGs (2009) and international experiences on strengthening sub-national government capacities (2011) which included the participation of international experts like Professor
Remy Proud’home. These tasks provide important inputs for the Government recent reforms on SGP and royalties systems. The Bank has also been supporting the Government in the assessment of their tools to monitor the performance of SNGs as well as in the design of innovative tools like the Methodology of Rapid Assessments and Action Plans (RAAP) which implementation since 2009 in the Municipalities of Cartagena and Barranquilla and the Departments of Choco and Valle del Cauca has led to improve SNGs management and service delivery as well to provide alternatives for the strengthening of SNGs management capacities. The Bank expected to continue providing these services. In FY12 new RAAPs will be completed/initiated in the Department of El Valle del Cauca and the Municipality of Cali.

6.2. The Bank “Sub-national Institutions Strengthening” project constitutes an example of engagement with Colombia in which the Bank has used available instruments to support the analysis and evolution of the government’s territorial development program through the years in a consistent manner. The operation will help to consolidate recent decentralization reforms to the SGP and royalties systems. The project’s objective is to contribute to the improvement of delivery services at the sub-national level. Enhanced managerial capacities of SNGs will ensure the efficient and transparent provision of services for which SNGs are accountable. The improvement of coordination mechanisms among Central and sub-national governments will align planning and investment priorities with the National Development Plan’s priority goals. Finally, the fine-tuning of Colombian experience with citizen participation in defining and controlling the priorities of SNGs will improve the responsiveness and accountability of SNGs. The project is expected to be approved in FY13.
Stages of strengthening engagement in Colombia

a The figure highlights several significant examples and does not aim to exhaustively illustrate all activities.

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