



PROCEDURES OF MULTILATERAL BANKING AND COOPERATION



Version 2.0



ALCALDÍA MAYOR
DE BOGOTÁ D.C.





ALCALDIA MAYOR
DE BOGOTÁ D.C.
"SECRETARY OF FINANCE"

MAYOR'S OFFICE OF BOGOTÁ DC

DISTRICT SECRETARIAT OF TREASURY
DISTRICT DIRECTORATE OF PUBLIC CREDIT

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Bogotá DC, December 2009





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THEMATIC INDEX

Introduction

	9
1. Multilateral banking and development management	11
1.1. Multilateral banking	11
1.2. Development and development management	13
1.3. The public investment project	16
2. Credits with multilateral banks	19
2.1 Increasing importance of this source of financing	19
2.2 Principles for contracting credits with multilateral banks	20
2.3 Multilateral banking credit structuring process	20
2.3.1 Initial approach	20
2.3.2 Inclusion of the Project in the Strategic Plan – Country of Banks	21
2.3.3 Identification, preparation, analysis and negotiation missions	22
2.3.4 Authorization process	22
2.4 Execution of multilateral bank credits	24
2.4.1 Credit documents	25
2.4.2 Conditions of effectiveness	27
2.4.3 Procurement procedure and selection methods	28
2.4.4 Financial and disbursement procedures	34

2.4.5 Accounting procedures	37
2.4.6 Physical, social and environmental monitoring	39
2.4.6.1 Physical tracking	39
2.4.6.2 Monitoring of social and environmental safeguards	41
2.4.6.2.1 Resettlement Safeguard	42
2.4.6.2.2 Environmental assessment safeguard	47
2.4.7 Filing procedures	48
3. International cooperation procedures	51
3.1 Importance of cooperation for Bogotá	51
3.2 Management of international cooperation for sources of Official Development Assistance (ODA)	55
3.3 Decentralized management of international cooperation for sources of cooperation	56
3.4 Entry of cooperation resources to the district budget	57
3.4.1 When it is not necessary for resources to enter the district budget	57
3.4.2 When yes and how can resources enter the district budget	58
3.5 About the legal nature of donations	59
3.5.1 Applicable regulations	59
4. Sources consulted	62



INTRODUCTION

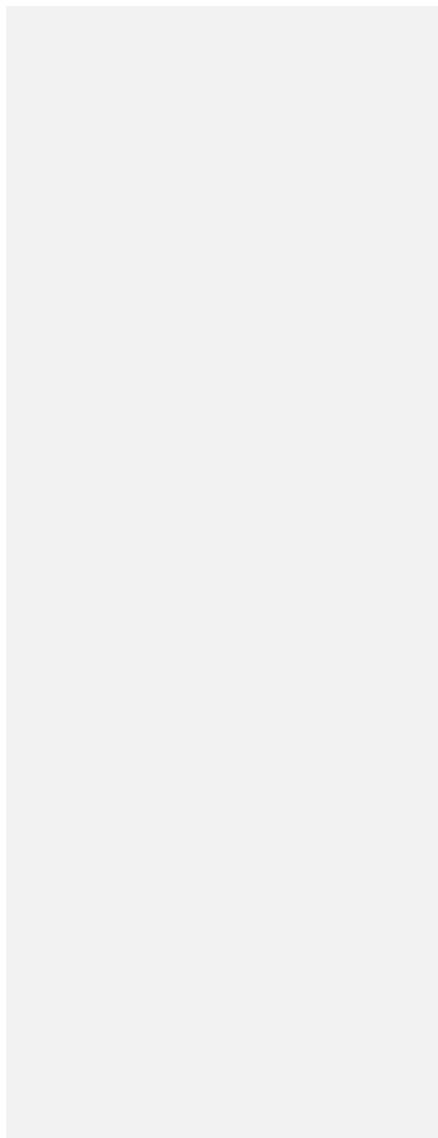
This pamphlet is addressed to the officials of the executing entities of resources from multilateral banks and cooperation organizations in the Capital District, and seeks to guide those in charge of executing projects financed with these resources in the different processes that the operations imply, multilateral banking rations and cooperation.

The correct development of procurement, financial and accounting procedures, physical and social follow-up and document management, efficiently supports the achievement of the objectives of the operations financed with resources from these entities.

It is hoped that the procedures described here will support the efficiency in the execution and the optimization of management, to the benefit of the development of the city and the quality of life of its inhabitants.

Multilateral banking and international cooperation

Multilateral banking and international cooperation are instruments that have made it easier for the city to finance part of its development and to which it has resorted for the advantages they offer: on one hand,



technical training, access to best practices and successful experiences in parts of the world with similar levels of development, efficiency and transparency in execution. On the other hand, favorable financial conditions, low interest and advantageous repayment terms for the city.

Since the 1980s, Bogotá has been a participant in the resources of multilateral banking. These have contributed to the financing of their development plans. Likewise, many projects aimed at benefiting the most vulnerable population have been carried out through the resources of international cooperation. Between 1985 and 2009 the city has received more than US\$800 million from loans from multilateral banks, and in the last ten years more than \$90 billion in cooperation resources have been managed in its different modalities.

Due to the fact that the multilateral banking operations are specially managed by the contracting parties, at the beginning of the 90s, Coordinating Units were created in the district entities that executed the credit resources. Then, in 1996, its management was centralized in the Coordinating Unit of the

Ministry of Finance and later, in development of Agreement 257 of 2006 (District Administrative Reform), the Office of Multilateral Banking and Cooperation was created through Decree 545 of 2006 in the District Ministry of Finance, in charge of exercising the general coordination investment projects financed with resources from multilateral banks and cooperation agencies in strengthening and supporting projects with district impact. The new structure of the District Secretariat of Finance merges this Office with the District Directorate of Public Credit, which, through the Sub-directorate of Multilateral Banking and Operations, is in charge of carrying out these functions (Decree 499 of November 12 of 2009).

These functions are mainly summarized in managing credit resources, participating in the coordination of cooperation management in the District, managing cooperation resources, dealing with multilateral banking and cooperation organizations related to the execution of these projects, coordinate, guide and support the executors in relation to the policies and regulations that they must comply with in the management of these resources.





1. MULTILATERAL BANKING AND THE MANAGEMENT OF DEVELOPING

1.1 multilateral banking

Multilateral banking is one of the forms of "cooperation for development", which began after the Second World War at the Bretton Woods Conference, where the foundations of the new economic order prevailing in the last half century were laid.

It seeks to finance the development of peoples through favorable credits for the borrowers, which are executed under determined economic policies and through a corresponding accompaniment that includes the experience in developed countries and that acquired in the execution of these loans in other developing countries.

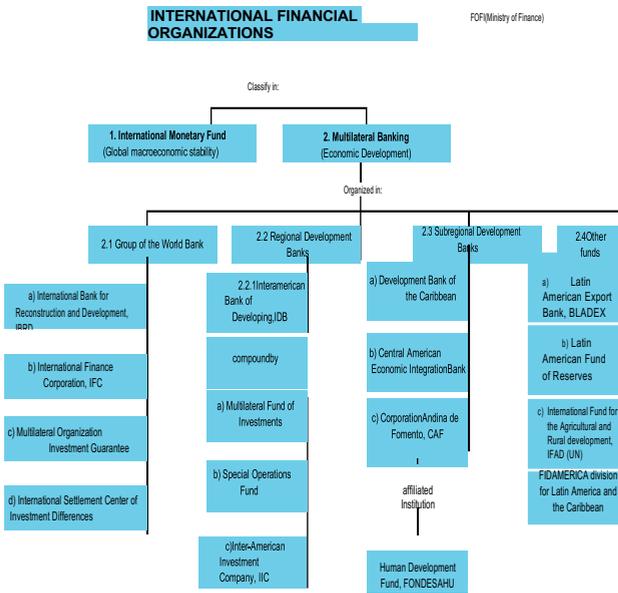
The shareholders of the multilateral bank are the "borrowing" countries (developing countries) and the "contributors" or "donors" (countries with a higher degree of development or, generally, developed countries).

Multilateral banking is at the confluence of the system of international development organizations (United Nations, Regional Development Agencies,

Cooperation Agencies) and the International Financial System. Thus, multilateral banking efficiently mobilizes resources from the financial markets and then channels them to developing countries under favorable conditions. also mobilizes

resources from official sources of donor countries to grant soft or concessional loans to developing countries, the central government, government institutions, territorial governments and their entities.

What are the multilateral banking entities?



Note: Only institutions of which Colombia is a partner are taken into account.

For which areas are multilateral bank credits allocated?

The multilateral bank grants credits for:

- Environmental Protection
- Protection against conflicts through institutional strengthening
- Support to economies in transition
- Help to control the spread of epidemics
- Biodiversity Conservation
- Reducing the digital gap
- Participation in humanitarian aid
- Contribution to financial bailouts of struggling economies
- Provision of regional and global public goods

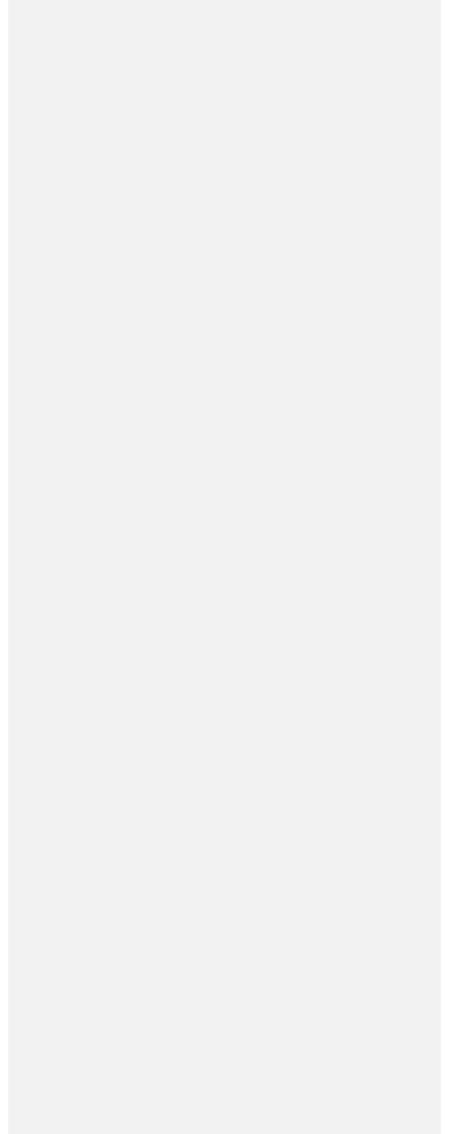
1.2 Development and development management

The concept of "development" has undergone several changes since its initial definition a little over half a century ago:

Initially it was a purely economic concept, based on the level of the Gross Domestic Product (GDP) and the Gross Domestic Product per capita of the countries. It was considered that development was an economic stage that should be reached and that the developed countries had already achieved it and should help the less developed to reach it.

in the middle of the 1960's this concept is reconsidered and it is understood that the economic is necessary but not sufficient to achieve development. So development is now understood as the social dimension that provides well-being to people, redistribution of income and satisfaction of their basic needs. The concept was enriched by concerns such as citizen participation in public affairs, gender equality, respect for the environment and the rights of minorities.







In the 1980s, as a result of the economic and financial crisis of the external debt in Latin America, there was a return to the economic concept inspired by the *Washington Consensus*¹: the fundamental thing is to grow economically in order to later achieve integration between poor and rich countries, from the commercial and financial market.

In 1990, the United Nations Development Program (UNDP) designed a more comprehensive definition by proposing the concept of Human Development (HD): it is a continuous process that seeks the well-being of people

¹ "Washington Consensus: Expression that refers to the measures adopted by the countries of the South after the debt crisis and that have to do mainly with the following points: fiscal austerity (minimize spending, especially social spending); privatization of public companies (to immediately capture economic resources); and market liberalization (eliminate state intervention)". In: ROMAN SANCHEZ, Erick. COOPERATION AND DEVELOPMENT: NINE QUESTIONS ON THE SUBJECT. AMYCOS, 2002.

and society, and in which the following aspects participate: i) institutional: good governance, the consolidation of democracy and human rights in States governed by the rule of law free from corruption; ii) social: long, healthy and quality life with access to more and better education;

iii) economic: increase production and participate equitably in its results, to satisfy basic needs and lead a decent life; iv) environmental: respecting the environment to leave future generations with a liveable environment; v) cultural: promote peaceful coexistence within tolerance, non-discrimination, inclusion and participation from all traditions, strengthening the individual and group rights of people.

Human Development Index (HDI): the UNDP created this indicator to partially measure the level of HD achieved in the different countries of the world. It is partial because HD is not a fully quantifiable concept. To obtain this indicator objectively, the following three aspects are taken into account: i) life expectancy at birth; ii) access to information and knowledge; iii) per capita income. The HDI is measured between 0 and 1. Thus, the countries with high Human Development are between 0,8 and 1; the medium Human Development countries are in the range of 0.5 and 0,799; and those with low Human Development have an HDI of less than 0,5.

On the other hand, the World Bank classifies countries according to their economic income, but this does not coincide with the HDI, because having a high income does not mean

have a high DH, while economic prosperity does not mean better living conditions for people. This has freed the concept of Development from its mere economic meaning for a more comprehensive and complex one.

How to move towards Development?

Through public policies determined for this purpose and development plans, programs and projects with which the objectives outlined in public policy are achieved.

Public policy → Development plans → programs

Investment projects.

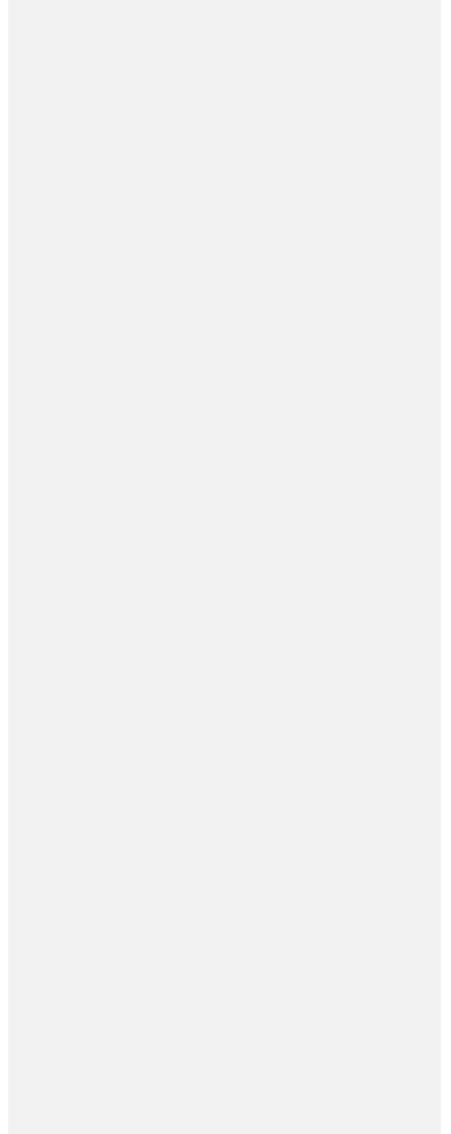
What's public policy?

It is the framework of orientations and directives that direct and govern the Development of the State and its society. Policies need to be formulated, endowed, executed, monitored and evaluated for feedback.

What is the POT and the Development Plan?

The Political Constitution of 1991 authorized new instruments for the planning, organization and development of cities. In this sense, Law 388 of 1997 (Territorial Development Law) allows cities, within their autonomy, to plan their





development through plans, programs and projects, which have their governing instrument in the Territorial Ordering Plan, POT. The POT is defined in the law as the basic instrument for planning cities. The POT must bring together the set of indications, actions and rules to guide the development of cities, responding to the following questions about the city:

- Where can it grow?
- Which areas should be protected to avoid disasters or to take care of the environment
- How it will relate to neighboring cities
- What uses will be given to the soils in each site
- What infrastructure is required in terms of roads, transportation, public services, educational centers, hospitals, sports and recreation areas
- What are the priority projects
- Which entities should be in charge to advance each action
- How the city is financed and where the sources of financing come from

Through these responses, the POT guides public and private investment, the access of its citizens to basic services, the equipment of the city and, in general, organizes the social and economic development of a city.

The POT has a vision of the future, that is, it is thought in the long term through the different

current plans, programs and projects organized over time for at least three mayoral terms.

The POT is approved by the City Council or by the mayor, if it cannot be approved within the times established by law for its approval by that collegiate body.

From the POT, each mayor defines the priorities, programs, projects and most important actions of the city to put together its Development Plan, in which the specific actions to be carried out during each administration are determined. The Development Plan, therefore, has a smaller scope than the POT, insofar as it must be carried out in each administration (currently four years).

The Development Plan must determine the times in which the programs and projects of each administration will be carried out, the way to be financed, the sources of financing and the budget for each project. Therefore, the Development Plan is the means through which the decisions of the POT become real facts².

1.3 The Public Investment Project

It is a set of organized actions, through which public resources are available to obtain a specific result that implies progress towards the objectives of public policy, within a previously determined period.

For the management of Development, starting from public investment projects, the following activities are required:

² DISTRICT SECRETARY OF PLANNING. Plan of Territorial Planning of Bogota. Document Summary. Bogota: 2007.

Planning. Initially we define: Where are we, where do we want to go? What are our needs and how are we going to solve them?

Organization. According to this planning, we design and arrange the activities according to the needs, the resources and the time at our disposal and the defined objectives, establishing tasks, times, goals, indicators and responsibilities.

Execution. Application of resources to achieve objectives. We execute and implement what was planned to achieve the activity.

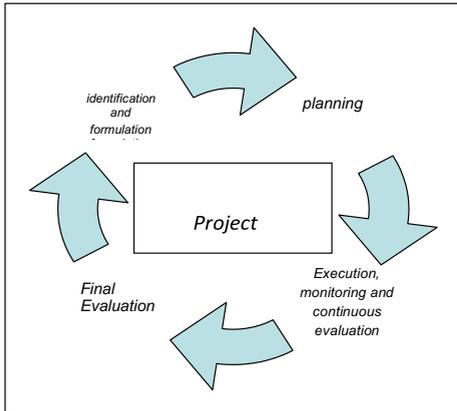
Tracing. It is carried out throughout the project to verify the progress of the tasks and the achievement of the goals, check if the development of the activities are brought forward in accordance with what was planned.

Adjustment. act in a timely manner to prevent, eliminate or correct problems and generate the necessary improvements and adjustments.

Evaluation. Verification of achievement of objectives you and expected results.

The development of the above activities is what is known as the Project Cycle, which can be outlined as follows:





Within the project evaluation process, it is important to differentiate between ex ante evaluation and ex post evaluation. The first is carried out in the design of the project in order to determine the relevance of the intervention, its possible effects and the degree of impact it will have. The second is carried out once the project has finished in order to measure compliance with the objectives set out in the project design.

Among the different factors that are taken into account for the evaluation of projects are the efficacy, effectiveness, and efficiency of the project; also the sustainability of the results, the institutional development that it implies and the coherence with other projects, programs or public policies. In turn, a project is sustainable insofar as its efficacy, effectiveness and efficiency is long-term; that is, that its impact is maintained over time.



2. LOANS WITH THE MULTILATERAL BANKING

2.1 Increasing importance of this source of financing

Multilateral bank credits constitute one of the main sources of financing for national and territorial governments. Its classification corresponds to that of external credit, in accordance with the definition in article 3 of Decree 2681 of 1993: "Internal public credit operations are those that, in accordance with the exchange provisions, are celebrated exclusively between residents of Colombian territory to be payable in Colombian currency. All the others are external public credit operations. Those defined in article 2 of Decree 1735 of 1993 and the other regulations that complement or modify it are considered residents.

In recent years, this source has become more relevant within the financing scheme of the development plans of the District Capital, since, despite presenting long times in its structuring and contracting stages, it has special characteristics, that make her attractive.



These characteristics are summarized mainly in broad terms, adjustable amortization schemes according to the structure of income and expenses of the city, significant amortization periods and favorable interest rates. In recent years, furthermore, in some cases coverage alternatives have been offered, especially technical support, which generate added value in the execution of projects in all their stages.

2.2 Principles for contracting credits with multilateral banks

The process of contracting a loan with the multilateral bank is framed in the first instance within the principles defined in the Organic Law of the Development Plan (Law 152 of 1994), especially in those of coordination, consistency and coherence, through which harmony and consistency between the activities carried out and public policies are sought, as well as ensuring macroeconomic stability. In this sense, the aforementioned law establishes that the development plans of the territorial entities, without prejudice to their autonomy, must consider the policies and strategies of the National Development Plan in order to guarantee coherence.

Thus, projects defined as likely to be financed with credit resources from multilateral banks must be included in the corresponding development plans.

Likewise, as detailed in the Public Credit Operations Manual, issued by the National Department of

Planning (DNP), the operation must be framed in the Action Plan established by each multilateral organization for the country.

2.3 Multilateral banking credit structuring process

2.3.1 initial approach

When a project meets the characteristics explained above, the process of structuring the credit operation can be brought forward. At first, there is an approach between the representatives of the lender and the borrower. In the District, this initial approach step is fulfilled with the presence of the District Secretary of Finance, accompanied by the District Director of Public Credit and the District Director of Budget. Said requirement is based on Agreement 257 of 2006, which defines the organizational structure of the Capital District and establishes that the Ministry of Finance has the purpose of financing economic, social and public works development plans and programs. Likewise, in its article 62, said Agreement states that the District Secretary of Finance has among its basic functions: "...Formulate, guide and coordinate policies in fiscal matters and public credit, in this sense, it will be in charge of advising and coordinating loans, borrowings and credits of resources from multilateral and foreign banks...". Likewise, article 59 of Decree 545 of 2006 is considered, by which the internal and functional structure of the District Secretary of Finance is adopted, modified by Decree 499 of 2009, which establishes as a function of the

District Office of Public Credit: "...Direct the structuring, negotiation, follow-up and execution of public credit operations, assimilated, debt management and related to these of the Central Administration of the Capital District..."

2.3.2 Inclusion of the project in the Strategic Plan – Country of the banks

Based on the programmatic lines negotiated every three or four years between the Nation and the multilateral bank, which are included in the country strategies of each of the banks for the aforementioned action plans, the programs and investment projects aimed at developing the policies agreed between the parties. This is how the different credit operations must be included in the Strategic Plan – Country (pipeline), a document agreed upon annually between the National Government and the multilateral organizations in the Programming Missions.



The request for the inclusion of a Bogota project within the National Strategic Plan – Country (pipeline) is made directly by the District Secretary of Finance - District Directorate of Public Credit, once the fiscal spaces have been defined, the availability of the debt quota and the viability of the operation within the financing strategy of the central administration, approved by the District CONFIS.

2.3.3 Identification, preparation, analysis and negotiation missions

Once the project is included in the Strategic Plan – Country of the multilateral banks, the identification, preparation, analysis and negotiation missions of the operation are carried out. In this stage, led by the District Treasury Secretariat, in addition to the lender's representatives, officials from each of the district entities that will be in charge of executing the investment programs participate. There is also support from the National Government, which must endorse the operation (National Planning Department (DNP) and the Ministry of Finance and Public Credit).

In these missions, the participation of the officials of the executing entities of the projects financed with multilateral bank credits is fundamental, since in them the physical and financial goals of the projects are defined, as well as their schedules. of execution, which, once arranged, constitute the action framework of the project.

When the missions are completed, the multilateral organization presents the operation to the board of the multilateral entity for approval.

2.3.4 Authorization process

Parallel to the previous missions, the District Secretary of Finance - District Directorate of Public Credit, in the exercise of its functions, carries out the corresponding procedures before the national and district authorities, to obtain the authorizations established by law. to contract external public credit operations.

In the District, the regulations establish that the indebtedness quota authorization must be in force, granted by the District Council; the favorable opinion of the Economic and Fiscal Policy Council – CONFIS (through the debt plan and the authorization for the operation to be signed), and of the District Planning Secretariat. Likewise, the financing operation must be approved by the Risk Committee of the District Secretary of Finance.

The Nation must have:

- Inclusion of the operation in the Strategic Plan – Country of the banks, through a request that must include, at a minimum, the description of the program, its consistency with the objectives of the entity and the sectoral policies of the government, its impact, the justification of the source of financing and the financial information of the borrower that supports its payment capacity.
- Authorization to initiate procedures, issued by the Ministry of Finance and Public Credit.



- Favorable concept opinion of the National Council for Economic and Social Policy - CONPES on the granting of the Nation's guarantee for the operation.
- Favorable concept of the Interparliamentary Commission of Public Credit in which the National Government is authorized to grant the Nation's guarantee to the operation.
- Constitution of the necessary counter-guarantees in favor of the Nation.
- Payment of the contribution to the contingency fund of the Nation.
- Authorization from the Ministry of Finance to initiate procedures and sign the credit operation.

Historically, indebtedness with multilateral organizations has been guaranteed by the Nation, since the statutes of multilateral entities so require.

However, in the last two years, institutions such as the CAF Andean Development Corporation and the IFC International Financial Corporation of the World Bank group, have made their requirements more flexible and made it possible to contract loans without a guarantee from the Nation, thanks to the financial solidity presented by the city.

The contracting process of these operations that do not have a guarantee from the Nation does not require taking the steps of this activity, such as the concept of CONPES and the Interparliamentary Commission of Public Credit for the granting of the guarantee and, consequently, it is not necessary to establish counter-guarantees and the corresponding payment of contribution to the Nation's contingency fund. However, in these cases it is required that the National Planning Department (DNP) issue a favorable concept for the execution of the operation.

2.4 Execution of multilateral bank credits

Once the aforementioned activities are concluded, the Ministry of Finance and Public Credit issues the resolution through which the District Administration is authorized to carry out the credit operation. The signing of the loan contract constitutes a new indebtedness of the city, the indebtedness quota is affected and the execution stage of the credit operation begins.

The execution of resources from multilateral banks is governed by the loan contract signed between this entity and the Capital District. Said contract determines which entity or entities will execute the credit and under what conditions.

An essential aspect to take into account in the execution stage, it is the legal regime applicable to the contracting of goods and services financed with said source. Regarding the matter, on July 16, 2007, Law 1150 of 2007 was issued, which in its article 20 established regarding contracting with international organizations: "Contracts or agreements financed in their entirety or in amounts equal to or greater than fifty percent (50%) with funds from international cooperation, assistance or aid agencies, may be subject to the regulations of such entities. Otherwise, they will be subject to the procedures established in Law 80 of 1993. The counterpart resources linked to these operations may have the same treatment. Contracts or agreements entered into with foreign persons governed by public law or

International entities law whose purpose is the development of promotion, prevention and health care programs; contracts and agreements necessary for the operation of the OIT; contracts and agreements executed in development of the integrated illicit crop monitoring system; Contracts and agreements financed with funds from multilateral credit organizations and foreign government entities may be subject to the regulations of such entities.

Paragraph 1: *Contracts or agreements entered into with foreign persons governed by public law may be subject to the rules of such organizations.*

Likewise, Decree 2474 of July 7, 2008, which regulates Law 1150, established in its article 85 the regime applicable to loan contracts or international cooperation agreements: "Contracts or agreements financed with funds from multilateral credit organizations, foreign government entities or foreign persons of public law, as well as those referred to in the second paragraph of article 20 of Law 1150 of 2007, will be executed in accordance with what is established in the framework and complementary international treaties, and in the agreements concluded, or their regulations, as the case may be. In all other cases,

execution of the resources,

Under this legal basis, the borrower must implement the contracting scheme for the project. Therefore, when the multilateral banking entity or the Multilateral Banking and Operations Subdirectorate of the District Directorate of Public Credit request it, the borrower must make available all the background information, minutes and documents that justify the different procedures that intervene in the execution of the credit.

To advance the execution of the operations, it is necessary to consider the basic credit documents, the conditions of its effectiveness and the different acquisition procedures and selection methods, in accordance with the regulations of the banking entities. multilateral, as described below.

2.4.1 credit documents

Every credit operation generates some basic documents through which the planning for the execution of the operation is carried out. These documents are prepared based on the loan agreement and its annexes, in accordance with the structuring of each operation, and are prepared by the borrowing bank, the District Directorate of Public Credit – Sub-directorate of Multilateral Banking and Operations of the District Secretary of Finance and the executing entities. The main base documents for the execution of operations are described below:

Operations manual

It contains all the information about the project and its execution framework. It determines the rules, procedures and instruments that govern its development roll. This document is a requirement of effectiveness to start the

and becomes an additional document to the loan agreement, which governs the relationship between the parties (borrower-lender).

The Operations manual facilitates the execution of the project and is a basic consultation tool for optimal management by each executor, according to their participation, structure and functions performed within the project.

The Operations Manual generally consists of sections that give an account of the description and scope of the project, the executors of the project and their respective functions, financial management, contracting management, social management and environmental (when the project warrants it), the administration and evaluation of the project, the administration of the project file and its respective annexes.

The validity of the Operations Manual reaches the duration of the project, but throughout the same may be subject to modifications, according to the needs or changes that arise during the execution stage. The entity in charge of updating and managing the Manual is the District Directorate of Public Credit – Sub-directorate of Multilateral Banking and Operations of the District Secretariat of Finance, and for this purpose, some steps are established in each Manual, according to the structuring of the operation of credit. This Manual must be approved by the multilateral bank, which approves it through the no objection to it.

In this process, comments may arise from the project manager at the bank, which are analyzed and discussed in order to obtain a final document approved by the parties.

Annual operative plan

The Annual Operating Plan (POA) establishes the schedule of activities to be carried out under an investment project. This must coincide with the budget allocated for each validity throughout the life of its execution.

The POA must contain the components, subcomponents, categories, funding sources and scheduled start and end dates for each contracting process included in it, from which each of the contracts that make up the execution of each project will result.

Bearing in mind that each entity acts as the person responsible for its budget and organizer of expenditure, it is the responsibility of each one of them to prepare the POA annually and send it to the District Directorate of Public Credit – Sub-directorate of Multilateral Banking and Operations with in the deadlines, established in the loan contract, to complete the consolidation process and presentation to the lenders. When the project is executed by a single District entity, it must send the POA to the District Directorate of Public Credit - Subdirectorate of Multilateral Banking and Operations, a dependency that will review it and send it to the lending entity with the established opportunity.

Procurement Plan

As part of preparing a project, the executing agency must prepare and submit to the multilateral bank, for its approval, a Contracting or procurement plan that details the necessary contracts to carry out

the project and achieve its objectives, for the acquisition of goods, execution of works and/or services required during a period of 12 to 18 months. This must be updated every six months or when necessary throughout the project and executed in the way that has been approved by the lender.

The Procurement Plan must contain the agreed methods for procurement, in accordance with the Loan Agreement and according to the procurement and contracting regulations of the lending bank.

This Acquisition Plan must be carried out in coordination with the Sub-directorate of Multilateral Banking and Operations of the District Directorate of Public Credit and is subject to review by the lending bank, which issues a no objection to it.

The Procurement Plan is prepared based on the following information for each of the planned contracts:

- Component financed, as established on the loan agreement
- Object
- Estimated budget
- Execution time
- Hiring method according to the lender's rules
- Review by the Sub-directorate of Multilateral Banking and Operations of the District Credit Directorate, in each of its stages.
- Review by the bank (*ex ante* o *ex post*): Bidding processes subject to *ex ante* evaluation require the "no-

objection" of the lender for each of its stages, which are processed in parallel with the development of the acquisition process. The processes subject to ex post evaluation are reviewed by the lender after the contract award date.

In addition to the above, it is advisable to include information related to the contracting process, such as the estimated start date of the process, date of signature of the contract, requirements demanded of the bidders.

The only channel of communication between the District and the lending banks is the District Secretary of Finance, through the District Directorate of Multilateral Banking – Subdirectorate of Multilateral Banking and Operations. Therefore, all changes and modifications of the Acquisition Plan must be made through said entity, from where the District Directorate of Public Credit, through the Subdirectorate of Multilateral Banking and Operations, advises the entity, executor in the preparation of the Plan, grouping of the acquisitions in order to achieve greater efficiency in the contracting process, selection of the contracting or selection methods to be followed in accordance with the methodologies established by each multilateral bank, execution schedule,

Once the Procurement Plan of all the executing entities has been consolidated, the

District Directorate of Public Credit - Subdirectorate of Multilateral Banking and Operations sends it to the lending Bank for its "no objection". The different procurement processes and selection methods will be presented later, after the next number.

2.4.2 Conditions of effectiveness

They correspond to the minimum requirements demanded by multilateral banking entities and vary according to the structure of each loan contract, and in each of the credit stages. In any case, this is one of the points of negotiation prior to signing the loan contract. Among the most common we have:

That there is a Coordinating Unit in the District Department of Finance (this body is the Subdirectorate of Multilateral Banking and Operations of the District Directorate of Public Credit)³, with human resources that have sufficient experience and specialization in the management of investment projects financed with resources from multilateral banks.

That there is an Operations Manual that contains the basic concepts and the structure under which the execution of each project will be carried out. In the negotiation process, the times in which the preparation of the Manual must be complied with are stipulated.

³For this purpose, it was institutionalized through Decree 545 of 2006 the Office of Multilateral Banking and Cooperation and with Decree 499 of 2009 it was merged with the District Directorate of Public Credit in the Subdirectorate of Multilateral Banking and Operations.

That there are some inter-administrative agreements signed between the District Secretary of Finance and the executing entities of the loan. The purpose of these agreements is to clearly establish the obligations and commitments that each executing entity acquires and their due coordination by the District Secretary of Finance.

That there is a Procurement Plan, an Annual Operating Plan (POA) and a disbursement schedule.

The first tasks of the execution stage imply the fulfillment of the contractual requirements for the effectiveness of the operation, with which the borrower is empowered to initiate the request for disbursements, to the extent that the processes are fulfilled, arising from the contract for the execution of the financed projects. These requirements, together with the other contracting, monitoring, reporting and disbursement processes, are detailed below.

2.4.3 Procurement procedures and selection methods

As described above, the objective of defining a Procurement Plan is to order and plan the execution of a project, clearly defining costs, contracting procedures, timing of the different actions and the results.

. This stage is of vital importance in the execution of the project, since it constitutes the framework for action.

To carry it out, it is necessary to have technical support depending on the scope, objectives and characteristics of the project, knowledge of the regulations and requirements of the financing entity and its compatibility with the administrative contracting legislation that governs the executing agency, clarity in its management capacity, temporality of the real availability of financial resources, among others.

This is why, as an execution requirement, the first step with the multilateral banking agents is to clearly establish a first Plan that will be the guide for the execution of the project, for the purposes of the above and for each one of the revisions that are carried out (it is recommended to carry it out at least once a year⁴) some important advice is indicated for its elaboration.

Depending on the value of the project and its components, group according to specialties: for example, studies and designs, supervision, supplies of special equipment, acquisition of goods, civil works, specialized advice, etc. The larger scale of the contracts gives advantages not only in price but also in ease of administration. For this, a table is presented below that allows defining the characteristics of each of them:

⁴ In general operation revisions or updates are agreed within the credit agreement.

	DEFINITION
CONSTRUCTION SITE	Those held for construction, assembly, installation, improvements, addition, conservation, maintenance and restoration of real estate.
ACQUISITION OF GOODS	Their purpose is the acquisition of movable or immovable property required for the administration or provision of services.
CONSULTANCY	Those that refer to the performance of studies previously required for the execution of an investment project, diagnostic, pre-feasibility or feasibility studies for specified programs or projects, as well as technical and coordination consultancies. It also includes inspections, execution of studies, designs, plans, preliminary projects, projects, location, consulting, coordination or technical direction and programming of public works.
SERVICES	It is the one celebrated with natural or legal persons to carry out activities related to business attention or the fulfillment of the functions that are in charge of the contracting entity when it cannot fulfill them with permanent staff.

What criteria does the multilateral bank set to carry out the Plan of acquisitions?

Once the different components of the project have been classified, to define the contracting procedures and their number, you must consider the basic principles indicated by the multilateral banking entity to execute them:

- Need to attend to economy and efficiency criteria in the execution of the project, including in the contracting of the goods and in the execution of the works involved in it;
- Multilateral entities tend to give all eligible bidders the same information and the same opportunity to compete in the supply of goods and the execution of works;

- Multilateral entities encourage the advancement of contractors and manufacturers in the borrowing country, and
- They attach special importance to the transparency of the selection and contracting process, understood as the need to generate conditions for disclosing the processes to increase the participation of the largest number of bidders.
- Free participation of bidders.

To establish which is the most suitable modality according to the characteristics of the contract to be carried out, the multilateral banking entity has established some standard modalities, within which its contracting must be framed. They are detailed in the following table:

Acquisition of goods and works	
International Public Tender - ICB	It is applied compulsorily when the estimated amount of the contract object of the tender exceeds the limit amount established in the Loan Contract. The ICB is the most appropriate competitive method because it makes public calls open to any interested firm or individual, with no other condition than compliance with the eligibility requirements and provides the Borrower with the opportunity to obtain the greatest competition at the level of all the member countries of the Bank.
Limited International Bidding - LIL	This method is essentially an ICB called by direct invitation and without public announcement. LIL may be appropriate when there are a small number of providers in the market. Borrowers must invite bids from companies, or individuals chosen from a list of potential bidders. The number of guests must be large enough to ensure competitive prices.
National Public Tender - LPN	This is the method normally used by the public sector in the country of the borrower and may constitute the most economical way of acquiring goods or carrying out works, when the contract, due to its characteristics and scope, does not attract international competition, since the contract values are small, they are supplies of goods or works that are geographically dispersed or staggered over time and require intensive use of local labor. However, it should not restrict international participation if there is interest.
Price comparison (Shopping) -CP	It is based on the comparison of at least three (3) valid quotes submitted by suppliers of goods or contractors of works or providers of services other than consulting, who have been invited by the borrower, considering that they have the experience required for the object to be hire and who provide competitive prices.
Single Source Recruitment	Is carried out without competition (single source) and may be a suitable method to: i) expand existing contracts of a similar nature, which were awarded in accordance with procedures acceptable to the Bank; ii) make additional purchases from the original supplier of equipment or spare parts to make them compatible with existing equipment; iii) obtain patented goods that are only obtained from a single source; iv) meet design requirements whose elements must be supplied by a specific supplier, as a condition to maintain its quality and compliance guarantee, and v) in cases of emergency.
Direct AD Management	It is carried out by the executing agency using its own personnel and equipment and is justified when: i) the amounts of work involved cannot be defined in advance; ii) they are small and dispersed jobs or in remote locations for which it is unlikely that established companies will offer reasonable prices; iii) the works must be executed without interfering with other operations that are in progress; iv) the executing agency can better assume the risk of a work interruption than a contractor, and v) in the case of emergency situations that require immediate attention.

The indicated methodologies have standard supporting documents for their celebration.

In the case of Consultancies, the multilateral bank considers various selection and contracting methods, which differ,

they are basically determined by the priority given to quality or cost criteria, in accordance with the degree of complexity of the requested services. Generating difference in the particular form, those that must be oriented to contracting with

firms or legal persons and those focused on natural persons. In general terms, methodologies focused on individual consultants should be used when:

- No multidisciplinary teams needed
- No support from a parent office needed
- The experience and qualifications of the person are fundamental requirements

The established methodologies are:

Consulting	
consulting firms	
SelectionBased on Quality and Cost - SBCC	This is a competitive process between firms included in a "short list". It considers the weighting of quality and cost of your proposals. The consulting firms must present a technical proposal and another of prices . Although the two factors are considered, greater preponderance is given to quality.
SelectionBased on Quality - SBC	This method is appropriate for services that are complex, highly specialized or difficult to specify and in which the Employer expects the consultants to demonstrate innovation in their proposals and to have a highly experienced professional staff. It is generally applied to contract the execution of economic or sectoral studies, project feasibility studies, design of hazardous waste reduction plants, preparation of urbanization or port development master plans, design of strategies for financial sector reform, etc. The SBC is also suitable when it comes to projects with important future repercussions for which the best experts are required.
SelectionBased on Fixed Budget - SBPF	This method is applicable only when the job is simple, can be precisely defined, and the reference budget is reliable. The Terms of Reference (TOR) must be clearly defined and in accordance with the reference budget, the scope of the services and products to be delivered, so that the firms can formulate their proposals within a reasonable margin of approximation.
SelectionBased on Least Cost - SBMC	SBMC is appropriate only when the services to be performed are of a standard type, with conventional methodologies, for example, technical design of less complex works, provision of transport services and other similar ones, for which there are well-established practices and standards.
Selection based on Consultant Qualifications - SCC	This method can be used, generally, when the estimated cost of the services to be contracted is low, generally less than US\$200,000, and when neither the cost nor the time to invest in the preparation and evaluation of competitive proposals is justified. It can be used for minor services for which neither the preparation nor the evaluation of competitive proposals is justified. In such cases, the borrower will prepare the TORs; solicit expressions of interest and information on the consultants' experience and competence with respect to the engagement; will shortlist and select the firm with the most appropriate qualifications and references.

Consulting	
consulting firms	
Selection based on a single source	Direct selection of consultants does not offer the benefits of competition in terms of service quality and cost, and the transparency of the process may be questioned. It may be adequate: i) when the services constitute a natural continuation of services performed previously by the same consulting firm, provided that their amount does not considerably exceed the amount of the initial contract; ii) if it is about emergency operations in response to natural disasters and the proposed firm can mobilize more quickly than others or is better equipped and has experience to solve such situations; iii) for small amount services, or iv) when only one firm is qualified or has experience of exceptional value regarding the services to be rendered.
individual consultants	
Individual consultant selection	It is done keeping in mind your qualifications to perform the job. Posting an advertisement is not required and consultants do not need to submit proposals. They can be selected based on a comparison of the qualifications of those who express an interest in the job, or the borrower can contact them directly. Individuals considered in the qualification comparison must meet the minimum relevant qualifications and those selected to be hired by the borrower must be the best qualified and fully capable of performing the job. The ability of consultants will be judged on the basis of their educational background, experience, and, if applicable, their knowledge of local conditions, such as language, culture, administrative system, and government organization,
Direct hire	The direct selection of consultants does not offer the benefits of competition in terms of service quality and cost, and the transparency of the process may be questioned. It may be adequate: i) when the services constitute a natural continuation of services performed previously by the same consulting firm, provided that their amount does not considerably exceed the amount of the initial contract; ii) if it is about emergency operations in response to natural disasters and the proposed firm can mobilize more quickly than others or is better equipped and has experience to solve such situations; iii) for small amount services, or iv) when only one firm is qualified or has experience of exceptional value regarding the services to be provided.

The actual execution term of each of the contracts to be carried out must be defined, adding the times necessary to prepare terms or specifications, select contractors, contract, legalize and initiate execution (payment of advances). It is important to compare the target completion dates of the project with the results of the first approximation to establish the need to adjust the plan or the project deadlines.

Important aspects to consider in procurement processes

In order to avoid declaring non-eligibility of expenditure for acquisitions made with resources from multilateral or cooperation banks, it is important to consider the following:

Follow the principles that govern the procurement policies of multilateral credit or cooperation organizations, such as:

- Equal opportunities (publication).
 - Transparency (publication of the steps: call to express interest, bidding documents, amendments, results).
 - Economy and efficiency (modalities of contracting goods and works, the price is a determining factor in the award).
 - In consultancy, quality prevails over price.
 - Comply with what is established in the loan or cooperation contract, that is, abide by what was agreed in the Procurement Plan and in the Operations Manual and if there is any modification, request the non-objection to it.
 - Address the protests made by those interested in the processes and, if applicable, hold meetings to explain the causes that gave rise to the decision.
 - Maintain the necessary information so that both the bank or the cooperation agency, as well as the external auditing firm, can properly carry out the ex post review of acquisitions and project execution on its impact.
 - Implement in each of the district entities that execute credit resources or cooperation of multilateral organizations, a process monitoring and control system in order to guarantee its normal flow, complying with delivery times and conditions.
- Adjust the procedures (adding response times), added to the manuals of the work teams, to carry out a more efficient pre-contractual and management execution.

If prior non-objection is required, in accordance with what was agreed in the agreement or in the Acquisition Plan, request it through the District Directorate of Public Credit DDCP – Sub-directorate of Multilateral Banking and Operations, SBMO, with the corresponding documents and in the opportunities provided for in the rules governing the acquisition.

The District Directorate of Public Credit - Subdirectorate of Multilateral Banking and Operations, in order to fulfill the functions of coordination and accompaniment in matters of multilateral banking, has professionals specialized in said subjects, for which the entities must always advance the processes under the accompaniment and advice of them.

In order to carry out this follow-up, the entities that execute credits under special regulations (different from the national one) will send all the pre-contractual documents to the SBMO of the DDCP regardless of the review modality (prior or ex post). The SBMO will review that the documents that do not require no objection are adjusted to the applicable regulations and will give the endorsement so that the executing entity continues the contracting processes.

2.4.4 Financial and disbursement procedure

Financial procedures must advance taken in accordance with the provisions of each of the loan contracts. In turn, the guidelines issued by the entities, at the national and territorial level, that have jurisdiction over these issues should be considered.

Likewise, the executing entities must present the reports that reflect the financial and accounting execution in the formats

established by the multilateral banking entities or by the coordinating entity of the project (District Secretariat of Finance, District Directorate of Public Credit, Sub-directorate of Multilateral Banking and Operations), and with the respective supporting documentation to verify that the loan proceeds have been used for eligible expenses. For this, it is necessary to consider the following aspects:



Relating to executing entities and coordination

Each executing entity, as the spending authority, is responsible for submitting financial and accounting reports in a timely and reliable manner to the District Directorate of Public Credit - Subdirectorate of Multilateral Banking and Operations.

The SBMO carries out coordination, follow-up and training activities with the executing entities. These activities are summarized as follows:

Maintain permanent communication with the entities and provide the technical assistance required so that separate records and accounts are kept, in order to reflect,

operations, resources and expenses in accordance with financial and accounting practices.

Structure the reports that reflect the progress in the execution of the Project, which must be prepared with the frequency and deadlines established in the loan contract. These reports are prepared based on information on integrated management (financial, physical and procurement),

Coordinate the process for the disbursement request before the lenders, taking as support the reports and documentation that supports the requests presented and certified by the executing entities.

Attend and coordinate with the entities, the necessary activities that facilitate the review and audit work carried out by the external consulting firm hired for this purpose, or the control body that carries them out.

Prepare reports, official letters and communications related to financial management for the lender, the district control authorities and the National Planning Department (DNP).

Coordinate and participate in the Supervision Missions Project scheduled by the lender.

Each executing entity is responsible for the budget planning and execution of its projects. In this sense, the executing agency must have clearly identified the resources of the loan and those of the counterpart, both during the term and during the life of the project.

If a budget adjustment is required, whether it is a modification, addition,

transfer or budget cut, for this purpose the procedure must be followed and the requirements established in the Organic Statute of the District Budget (Decree 714 of 1996) and other budget regulations must be followed, for which the entities will have the advice and support of the District Budget Directorate in coordination with the Multilateral Banking and Cooperation Sub-directorate (SBMO) of the District Public Credit Directorate to carry out the required procedures, whenever feasible.

Relating to disbursement methods

The loan contract establishes the disbursement mechanisms for resources allocated to a project. The lending bank disburses to the borrower or at his order resources from the loan account⁵ for the management and control of the loan resources established for each operation, using one or more of the following methods:

- a) **Refund:** For this case, resources corresponding to admissible expenses for financing are reimbursed to the borrower, in accordance with the provisions of the loan contract. For this, all the executing entities pay with their own resources, and subsequently prepare and request the respective reimbursement of eligible expenses incurred before the DDCP - SBMO of the SDH.
- b) **Advance and replacement:** Under this disbursement modality, advances of the loan resources are granted, depositing

⁵ The loan account is the open account in the bank's books to which the loan amount is credited (Disbursement Manual – World Bank).



in a specific designated borrower account to fund eligible expenses as they are incurred. Supporting documentation must be provided later.

The Subdirectorate of Multilateral Banking and Operations (SBMO) of the District Directorate of Public Credit (DDCP) District Secretary of Finance (SDH) must submit the original of a signed withdrawal request. To make withdrawals from the loan account for reimbursements and direct payments and to account for the use of advances, the borrower must present the original of a signed withdrawal request, together with a copy of the backup documentation.

Advances to the designated special account are prepared based on projected expenses for a given period; Once the resources have been disbursed and in accordance with the requirements, the eligible expenses are justified and, if required again, resources equivalent to the justified amount are requested, in such a way that the revolving fund scheme is configured.

c) Report-based disbursements: A specific destination bank account is used, which allows the lender to deposit the resources disbursed, according to the needs raised by the entities that execute the loan. Likewise, it allows its control and management independently of the other resources executed by the borrower.

To make a disbursement, it is necessary to attach the progress reports

physical, financial and procurement of the project. This scheme, in the case of the World Bank, is known as "Disbursements based on FMR reports".

It is important to point out that in the event of ineligible expenses and for which these resources have been requested from the lender, the ineligible amounts plus the corresponding interest must be reimbursed to the multilateral banking entity. Therefore, it is recommended that the executing entities implement the pertinent actions so that this situation does not occur.

d) Direct payment: When the lender bank cancels by instructions of the borrower directly to a third party contracted by an executing entity of the Project. Regularly direct payment applies to contracts to be paid abroad.

e) Special commitment: The lending bank is empowered to make payments to a third party corresponding to admissible expenses, by virtue of special commitments made in writing, at the request of the borrower and under mutually agreed terms and conditions.

To request the disbursement of resources from a special commitment of the loan account, the borrower must submit the signed original of a special commitment request, together with a copy of the letter of credit. The bank reserves the right not to accept or examine duplicate copies of applications and supporting documentation, and may at its discretion return or destroy duplicates.

Related to disbursement conditions

These conditions are stated in the loan contract. However, the most common are listed below:

- In the loan contracts where the financing commission is established, the disbursement will only proceed until the lender receives the entire initial payment of this concept.
- In the case of payments made before the effective date of the loan contract, and the acceptance of retroactive expenses has been negotiated, it is necessary to first request the disbursements charged to these acknowledgments.
- It is essential to consider the deadline established in the loan contract to request disbursements.
- For processing disbursements, the Disbursement Manuals regulated and in force by each lender must be considered; Likewise, the other established rules, procedures and formats must be followed.
- The executing entities must bear in mind that the Sub-directorate of Multilateral Banking and Operations of the SDH or the entity that coordinates the project, establishes the frequency and deadlines for the presentation of disbursement requests. Likewise, both the executing entities and the coordinating entity (or dependency) process said requests before the lender using the forms and other requirements provided for that purpose.
- **Authorized signatures:** Loan funds can only be withdrawn by formally authorized SDH officials. Therefore, it is confirmed that the SDH, in its capacity as representative of the borrower, is the only district entity authorized to process and withdraw funds from lenders. For this purpose, the specimen of said signatures must be previously notified to these entities.
- **Designated accounts:** If desired, the borrower may open one or more Designated Accounts, into which amounts withdrawn from the Loan Account may be deposited to pay eligible expenses as they are incurred ("Designated Account").
- The District Treasury Directorate is the unit empowered to carry out activities related to the opening, management and control of the accounts that, if required, can be opened.
- **Disbursement supporting documents:** The following documents should generally be attached to disbursement requests:
 - Evidence of payment (copy of the payment order and certification of the date on which the payment was made).
 - Completed formats, established in the project, in which the disbursement request is supported.

2.4.5 accounting procedures

The development of the accounting process is carried out in accordance with the rules and procedures issued by the General Accounting Office of the Nation (CGN). This body has the exclusive power to issue

accounting standards of a technical and procedural nature that must be applied by the entities that make up the public sector, in accordance with the provisions of article 354 of the National Political Constitution and Law 298 of 1996.

Regarding the accounting record of the Project's operations, these are also carried out, as established by the CGN.

Additionally, and in a complementary manner, the guidelines and instructions issued by the District Accounting Directorate through circulars, instructions and procedures are observed, as well as the concepts and doctrine issued by the two aforementioned entities, in compliance with their functions, guidance, and normative regulation in the area of its jurisdiction.

Management of accounting information

The entities that execute the projects financed with resources from the credit of the multilateral bank function as independent legal entities with their own budget and separate accounts; therefore, they use systematized applications to process their accounting information and generate basic Project reports. In any case, each executing entity must ensure that its accounting system contains separate records at the auxiliary level, accounting center or cost centers, so as to allow adequate control and monitoring of the flow of project resources, and identification of financing sources, components, subcomponents and categories according to the structure under which the Project is executed.

Reports and reports to be submitted

The SBMO of the SDH, or the unit that coordinates the Project, and based on the provisions of the contractual clauses of the loan contract, will issue the guidelines regarding the frequencies, terms and formats that must be filled out, for the presentation of certified accounting information by entities executing Investment Projects.

Subsequently, the SBMO of the SDH or the unit that carries out the coordination of the Project, will proceed to carry out the consolidation activities to the reports that so require, based on the certified reports presented by the executing entities, and submit them to the lender in the established formats and terms.

Reports and accounting reports prepared by the entities must coincide with the balances and movements recorded in the official accounts through which the Project is controlled. Likewise, these accounting reports must be signed at least by the accountant of the project, the financial chief of the entity and the person in charge of the office in charge of the execution of the project.

Catalog of accounting accounts

The accountant assigned in each executing entity is responsible for preparing and periodically updating the chart of accounts to be used for accounting management of the project. For this purpose, it must comply with the current guidelines issued for this purpose by the General Accounting Office of the Nation. It reiterates the

need to control through auxiliary accounts, accounting centers or cost centers for income, assets, costs or expenses, the identification of the sources of financing, the components, subcomponents and categories according to the structure under which they run the project.

2.4.6 Physical, social and environmental monitoring

This chapter aims to define the key elements in monitoring the physical, social and environmental aspects of projects and programs financed with multilateral banks, which are based on monitoring the execution of physical goals, as well as the review of the social and environmental safeguards necessary for due compliance with the policies of the lending agencies.

2.4.6.1 physical tracking

It is the set of activities to register and monitor the physical execution of the projects, in order to review the progress and implementation of the projects. This record must be made in accordance with the objectives, goals, indicators (measures of progress), activities, costs and those responsible for the projects structured in the credit contracts signed and in the operating manuals.

The foregoing, in accordance with the performance of all technical, coordination and monitoring activities so that the projects achieve the expected results as established with the execution plans, scheduled times and costs and with the objective of review actual execution versus budgeted execution.

Indicator-oriented monitoring is structured according to three types: coverage (in terms of care achieved); quality (from product attributes in terms of goods and/or services provided); and efficacy (from the achievement of early results, in accordance with the objectives pursued). These constitute the central axis of the follow-up and allow reporting on the progress of the execution of the Projects and Programs.

Physical monitoring strategies

To carry out physical monitoring, it is necessary to prepare progress and mid-term reports during the execution phase, and ex-post evaluation reports at the end of the project. Likewise, it is important to keep the Sub-directorate of Multilateral Banking and Operations (SBMO) of the District Directorate of Public Credit (DDCP) - District Treasury Secretariat (SDH) informed of the relevant aspects of the execution, carry out visits and records of physical works.

The following are the inputs to develop physical monitoring:

- **Analysis and preparation of progress reports during the execution and evaluation of projects**

Physical progress reports should include the development of progress in relation to the goals and indicators of the project. The execution monitoring process begins with the request for progress reports from the executing entities and ends with the analysis, which consists of consolidating the

forms of the execution of the goals and in requesting clarifications from the executors if necessary.

These reports become the inputs to carry out the planning of resources and supports of the requirements of financial resources (disbursements), establish corrective actions with respect to the physical goals set and the established times and constitute the support from supervision missions to project managers, control entities and other dependencies of the District, the Nation and multilateral banking entities.

- **Preparation of the mid-term evaluation**

This evaluation is agreed upon within the terms of the loan contract and its purpose is usually to measure the achievements made in the execution of the projects in the middle of the agreed execution period. Said evaluation will measure the progress in the execution of the different activities, with emphasis on the fulfillment of the goals related to the impact indicators defined by the project. This is a management report presented in the middle of the execution of the project in order to evaluate the proper execution and modify some key aspects if necessary and implement the necessary measures.

Preparation of final

- evaluation reports

The purpose of the evaluation component is to determine the achievement of the results of the

project within the framework of the impacts generated on the target population. The impact evaluation uses statistical and econometric methods in which it is attempted to compare the initial situation with the final one, in order to quantify the effects attributable to the implementation of the project and, in this way, determine the benefits that it generates. One of the fundamental aspects of this approach consists of surveying the base line that precisely captures the situation before the project began and that allows comparing said situation with that found at the end of it.

- Technical assistance meetings for executing entities

Within the work carried out, it is important to hold technical assistance meetings during the execution of the project. The executing entities will be in charge of coordinating them and will invite the different actors that are part of the projects. In them, the corresponding clarifications will be made on the execution and the progress report, as well as in relation to the fulfillment of the goals. Eventually, the Sub-directorate of Multilateral Banking and Operations or the borrowing bank may attend them, prior planning by the entities involved.

- Field verification and photographic record

This is a record that is made from the visits to the physical works to verify the proper execution of the projects, from which improvement actions are implemented. This record can also be complemented with a photographic archive which will form

part of the library of the same, as a fundamental input at the time of carrying out the final evaluation.

- Definition of the periodicity of the reports

The frequency of the reports is stipulated in the operation manuals, which is agreed between the lending bank, the executing entities and the borrower according to the complexity of the project.

2.4.6.2 Monitoring of social and environmental safeguards

The follow-up of the safeguards is based on the monitoring of the execution of the social and environmental safeguards of the World Bank⁶, which are approached from the monitoring of the resettlement safeguards and environmental evaluation specifically. These, because they are policies that allude to the most significant and recurrent adverse effects caused by development works financed by multilateral banks. The implementation of these safeguards becomes a fundamental aspect for the fulfillment of the objectives initially set in each project.

The executing entity of the DC must study and measure the probable environmental impact of the projects, and define the stages that must be followed to reduce the possible physical, social and/or environmental damage that their development may generate. In this sense, the technical follow-up verifies compliance by the executing entities with these safeguards.

⁶ The safeguards described in this chapter are limited to the guidelines on social and environmental issues used by the World Bank, to which other multilateral organizations such as the IDB and CAF adhere, due to their scope, complexity and field of application.



Below are the general aspects of this follow-up, both by the DC executing entity and by the Bank. Additionally, at the end of this booklet, the main reference pages of the WB are listed, in which all the operational policies, their application instruments and examples in different countries of the region are found in detail.

What are safeguard policies?

The World Bank safeguards are a structured mechanism to analyze the physical, environmental and social issues of

projects and to identify the possible impacts that arise with the development works financed by the World Bank and how to mitigate them. Likewise, they establish the way to visualize potential legal problems and disputes during the execution and operation of the project. These represent a process in which the borrower (the executing entities of the DC) and the lending bank intervene.

What are the different types of World Bank safeguards and when are they used? activate?

The safeguards established by the World Bank are of two types: social and environmental. The first category refers to involuntary resettlements, impacts on indigenous peoples or on cultural and physical heritage. They are activated when some type of adverse effect occurs on individuals, families and/or human groups. Environmental safeguards include adverse impacts on the environment, on natural habitats, forestry, pest control or dam safety. They are activated when any of these is adversely impacted in the development of a project financed with credit resources from the multilateral bank.

2.4.6.2.1 Resettlement Safeguard

The resettlement policy corresponds to the set of guidelines and instruments used to counter negative socioeconomic and cultural impacts, such as involuntary displacement classified as a significant adverse effect, caused by development projects financed with multilateral banks.

Said guidelines allow managing the transfer of the affected families through management or accompaniment by the executing entity of the DC in order to recover the levels of life prior to resettlement.

This safeguard is activated when there are one or more of the following cases:

- When some property or land is required or its use is restricted, whether or not there is a relocation of families. If no property is required, the policy is not implemented.
- When the project is located in a park or in a legally protected area, and its development involuntarily restricts access to the land for the people who live within or around the intervened perimeter.
- When the land belongs to the State and is subject to squatter claims.

Objectives of the resettlement safeguard

- Avoid or minimize, as far as possible, involuntary displacement.
- Execute all activities as sustainable development programs, in such a way that they can provide the impacted community with sufficient investment resources that make them participate in the benefits of the project.
- Aid displaced people in their efforts to improve their livelihoods or at least compensate

tell them what was lost before the eventuality that activated the safeguard.

Resettlement Policy Instruments

The following are the tools that both the executing agency and the borrower, with the advice of the Bank, must develop in the project evaluation phase.

- **Resettlement Policy Framework:** If before the evaluation of the project the totality of necessary land has not been identified, to execute the works, a resettlement policy framework must be prepared. That is, if the population to be displaced is not known at the time of project preparation. Within this framework, the impacts of resettlement, mitigation measures, and the institutional and legal framework must be considered.
- **Resettlement plan:** It is an instrument that seeks to support people in the preparation for displacement, transfer and resettlement, in such a way that

have as little impact as possible and contribute to improving, or at least restoring, the income and living standards of the displaced population.

If the impacts of resettlement are identified, in the initial phase of the project, the borrower must present a Resettlement Plan to be evaluated and approved by the Bank.

When the impacted population is less than 200 families, an Abbreviated Resettlement Plan is drawn up.

Content of the resettlement plan

- Project description.
- Identification of the impacts.
- Formulation of objectives.
- Carrying out socioeconomic studies.
- Preparation of the legal framework.
- Evaluation of the institutional capacity of those who design the resettlement.
- Define and choose the people who will be displaced.



- Valuation of losses and compensation of those affected.
- Describe the mechanisms for compensation
- Establish procedures for physical relocation
- Assessment of environmental impacts of resettlement and measures of mitigation.
- Participation of resettlers and host communities
- Measures to mitigate impacts on host communities.
- Claim procedures.
- Description of the institutional framework for the execution of the resettlement.
- Description of the execution schedule.
- Cost estimates and budget.
- Preparation of an evaluation and follow-up proposal.
- **Process frame work:** In the case of access restrictions to legally recognized parks or protected areas, the borrower must submit a process framework as a condition for project evaluation and approval.

Basic activities for the implementation and monitoring of the resettlement safeguard

When a project requires resettlement, the TT (WB task force) informs the borrower of the safeguard provisions. In this case, the borrowing bank team does the following:

Evaluate the nature and magnitude of the resettlement.

1. Evaluate the alternatives of different projects and avoid, where possible, or minimize displacement.
2. Assess the legal framework of the government and the executing agencies with a view to identifying contradictions between the policies of the executing agency and those of the Bank.
3. Discuss with the bodies responsible for resettlement policies on institutional arrangements and legal and consultation provisions.
4. Discuss any technical assistance required by the borrower.
5. During loan negotiations, the borrower and the Bank will agree on the resettlement instrument and will ensure that the borrower and any executing agency have the necessary tools to prepare and approve it.
6. In the event that the borrower must prepare a Resettlement Framework during project preparation, the team's obligation includes the preparation of a plan for this purpose during the evaluation stage, prior to the execution of the works.
7. Monitor the progress in the preparation of the Plan, the criteria proposed for the eligibility of the people to be resettled, the financing, the risks of impoverishment of the populations involved; likewise the monitoring and evaluation of the Plan.

In turn, the borrower must:

1. Carry out a preliminary assessment, this if the magnitude or complexity of the resettlement is potentially significant. regional resettlement specialists determine if it is appropriate and provide the corresponding clarifications to continue with the evaluation of the project.
2. Submit to the Bank a resettlement plan and/or policy framework that meets the requirements of the safeguard.
3. Process the consultation and approval of the resettlement instrument in the country before the evaluation by the Bank. Post the framework or plan in a place accessible to resettlers and local governments. 5. The evaluation phase ends when the borrower officially transmits the resettlement instrument duly adjusted to the policies of the Bank.
4. Once the borrower transfers officially the document to the Bank,

Resettlement monitoring activities

The following table shows the key aspects that the borrower must take into account to monitor the adequate development of the Project.

Monitoring aspects	Key monitoring questions and issues
Accurate baseline income information for resettled families and restoring levels income prior to displacement	What are the proposals and measures implemented by the executing agency and follow-up to restore income to affected individuals or families?
	Is the standard of living of the affected people and the income levels known? adequately supervised by the project authorities?
	How long will it take to restore previous standards of living, and What is the sustainability of the measures adopted?
	What is the baseline?
	During missions, the task force will request updated information on the number of people affected by land loss, home loss, or both.
	When the basis for the resettlement estimate is unclear, the Bank will ask the borrower to explain how the number was obtained. Determine eligibility criteria for resettlement.
Physical progress of relocation work	Is resettlement programming carried out simultaneously with the main activity that is causing displacement?
	Supervision should assess the resettlement schedule against the overall project schedule.
	Adequate resettlement planning is required in terms of provision of the sites for this purpose and its effectiveness.

The compensation	There must be a timely schedule for the delivery of benefits promised.
	The compensation criteria for the relocated must be clear.
	Possible legal difficulties must be foreseen to make compensation fair.
The institution's capacity for resettlement and monitoring	Determine the position of the organization or unit implementing resettlement activities within the overall structure of the project.
	Assess the experience and skills of resettlement staff.
	Examine the effectiveness of the coordination mechanisms of the different organisms involved.
	Evaluate the role played by NGOs and local organizations and, where appropriate, indicate how it can be improved.
The specific problems of the project	The resettlement difficulties and problems that are identified during the supervision mission are discussed with the borrower, in order to agree on actions for the next missions and execution of the Resettlement Plan in accordance with the legal agreements of the Project (resettlement framework, plan resettlement, loan contract, PAD, Operations Manual) and WB policy guidelines.
Resettlement Budget	An adequate resettlement budget must be available.
	The actual expenses must be considered.
	The availability of resources for field personnel must be scheduled.
	Possible causes of cost overruns must be foreseen or budget deficit.
Consultation with affected people	Resettlement plans often include grievance and dispute resolution mechanisms. Areas of particular concern are assets, compensation, integration of resettlers with host neighbors, and timely delivery of promised benefits. The Missions must verify the existence, effectiveness and manner in which these consultation mechanisms have been implemented through visits and interviews with the community.
monitoring	The monitoring systems of the executing agency should be supervised and how it could be improved, as well as a review of the methodology used to obtain the data it receives from the executing agencies and how they are processed through the executing agency, and how could be improved.
	Submission of detailed reports where the above points are included, which, once reviewed by the Bank, may include proposals for technical assistance or of another nature.
	At the end of the project, the borrower agrees to carry out an evaluation in order to determine if the objectives of the resettlement instrument have been achieved.

2.4.6.2.2 Environmental assessment safeguard

It is the set of measures and instruments through which the potential risks of a project on the environment and the impacts in its area of influence are evaluated. As well as the tool for planning, design and implementation of a plan to minimize and mitigate or compensate for adverse environmental impacts.

Objectives of the environmental assessment safeguard

- Ensure that projects financed by the Bank are environmentally sound and sustainable.
- Inform project executors about environmental risks and the need to ensure compliance with measures to mitigate adverse impacts or to prevent non-compliance with the policy.

Instruments to develop environmental assessment policy

Preliminary environmental study: Through this study, the Bank classifies the project in one of four categories established to define the magnitude of the project's effects on the environment and determines the appropriate degree of environmental evaluation. Depending on the type, location, sensitivity and scale of the project and the magnitude of the impacts.

The defined environmental assessment categories are as follows:

- **Category A**– with significant potential environmental impacts that are sensitive, diverse and unprecedented.

- **Category B**– Potential adverse environmental impacts that are mostly localized and reversible; mitigation measures already exist or can be designed more easily than for a category A project.
- **Category C**– minimal or no adverse impacts.
- **Category D**– involves the investment of Bank funds through financial intermediaries in subprojects that could generate adverse environmental impacts

Environmental impact assessment: This assessment determines the magnitude of the adverse environmental and social repercussions with the aim of compensating them or reducing them to acceptable levels.

Environmental management plan: It is the implementation of the set of mitigation, monitoring and institutional measures to eliminate adverse environmental and social impacts and compensate them, or reduce them to acceptable levels.

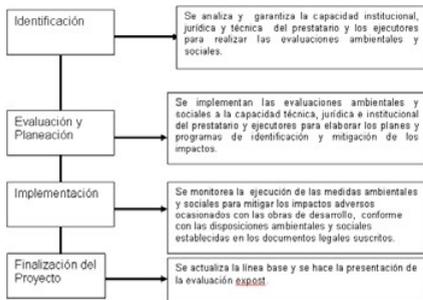
Content of the Environmental Management Plan

- Definition of environmental impacts.
- Description of the technical details of each mitigation measure, and the procedures for its implementation.
- Estimation of the potential impacts of these measures.
- Establishment of the link between environmental mitigation plans and those for involuntary resettlement, indigenous peoples and cultural assets.

- Follow-up and monitoring strategy that includes information on the impacts, mitigation measures, their effectiveness and the possibility of establishing corrective measures when necessary.
- Description of the institutional framework specifying those responsible for operating the plan and monitoring.
- Execution schedule and cost estimate.
- Finally, the Environmental Management Plan must integrate the design, execution and financing in the planning of the project.

Monitoring activities according to the project cycle

The following diagram shows the key aspects that the borrower must consider to monitor the proper development of the project.



Comentado [U1]: Translation: (from top to bottom-left to right)

- Identificación-identification
- Evaluación y Planeación-Evaluation and Planning
- Implementación-Implementation
- Finalización del Proyecto-Project Completion

Se analiza y garantiza la capacidad institucional, jurídica y técnica del prestatario y los ejecutores para realizar las evaluaciones ambientales y sociales.-The institutional, legal and technical capacity of the borrower and the executors to carry out environmental and social assessments is analyzed and guaranteed.

Se implementan las evaluaciones ambientales y sociales a la capacidad técnica, jurídica e institucional del prestatario y ejecutores para elaborar los planes y programas de identificación y mitigación de los impactos.-Environmental and social assessments are implemented to the technical, legal and institutional capacity of the borrower and executors to prepare plans and programs for the identification and mitigation of impacts

Se monitorea la ejecución de las medidas ambientales y sociales para mitigar los impactos adversos ocasionados con las obras de desarrollo, conforme con las disposiciones ambientales y sociales establecidas en los documentos legales suscritos.-The execution of environmental and social measures is monitored to mitigate the adverse impacts caused by the development works, in accordance with the environmental and social provisions established in the legal documents signed.

Se actualiza la línea base y se hace la presentación de la evaluación ex post.-The baseline is updated and the presentation of the ex-post evaluation is made

2.4.7 filing procedures

The archiving procedures of the projects financed with resources from multilateral banks respond to the proposal made in the General Archives Law of Colombia (Law 594 of 2000), which establishes that the archiving procedures are contained in the Document Management Policy, understood as "The set of administrative and technical activities aimed at the planning, management and organization of the documentation produced and received by

entities, from their origin to their final destination, in order to facilitate their use and conservation".

These procedures must respond to the principles of document management, which are listed below:

- Consider the importance of archive documents.
- Seek rationalization and control of documentary production.

- Make a regulation regarding the type of materials and quality supports that are used.
- Allow information retrieval in a much faster, more effective and accurate way.
- Make files viewable inside and outside the organization as true units of information.
- Save backups of information

The documents that account for each of the phases that make up the project cycle must rest in the file. In this sense, each one of the milestones and novelties in each one of the procedures of the project execution phase will also appear. Likewise, a copy of all information must be kept on magnetic media.

The file, in addition to facilitating the work of the control bodies, the audits and the different missions that are carried out on the projects, serves as a basis for documenting the compliance

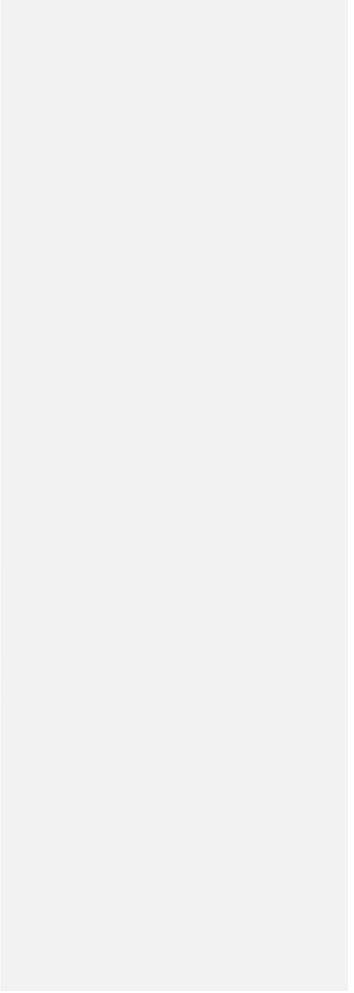
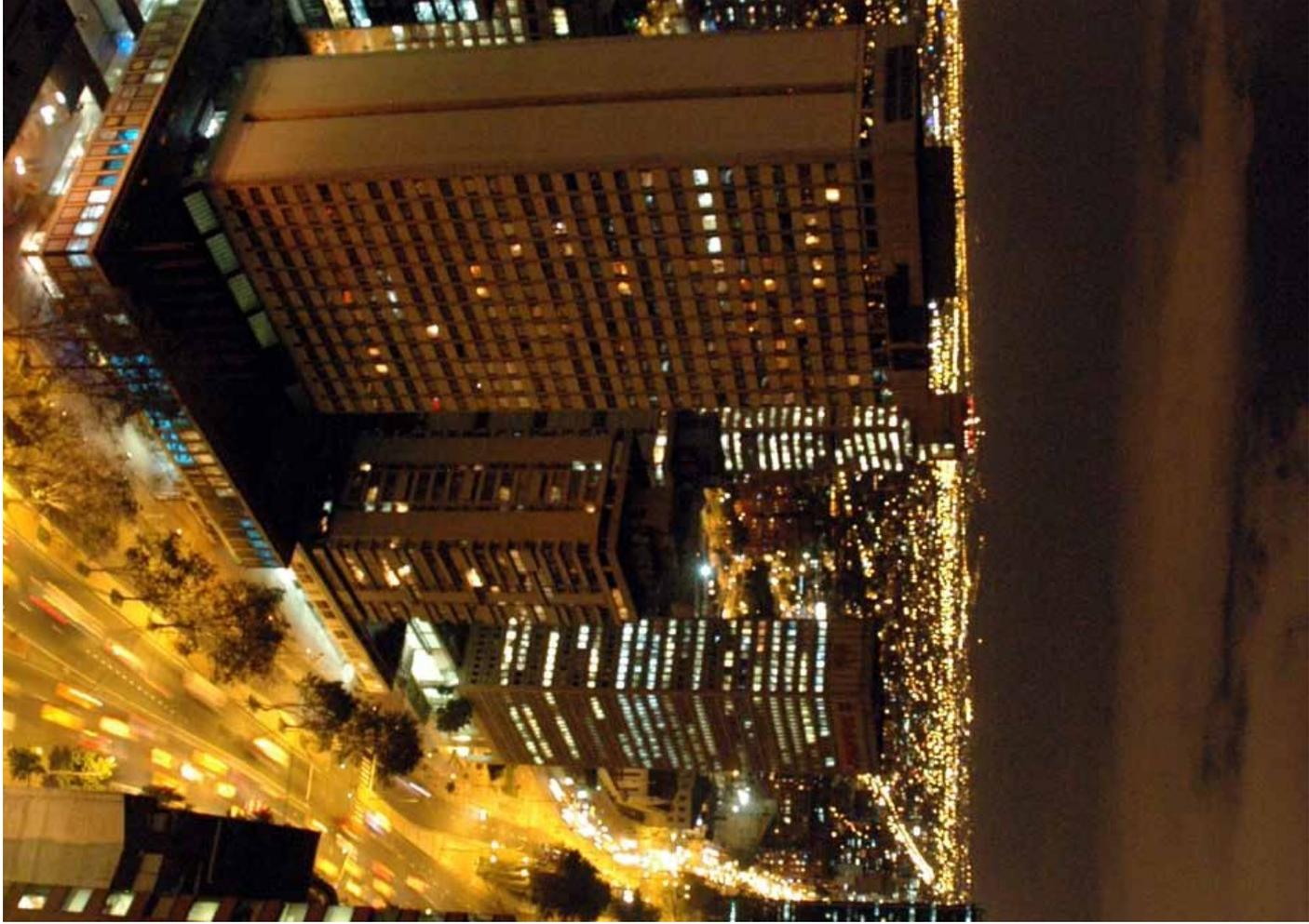
fulfillment of project goals, facilitating decision-making, disseminating the achievements and results of the different project processes.

The documents in the archive must be organized according to the document retention table, for each credit, and within each one of the credits as follows:

- Legal documentation
- Administrative management
- Financial and accounting management
- Social and environmental management
- Procurement management
- Mission memory aids (technical and financial)

Finally, the executing entities must send a copy of the contracts signed in development of the execution of the multilateral banking credits, as well as the information already mentioned, relative to the periodic reports and the disbursement justifications.





3. INTERNATIONAL COOPERATION PROCEDURES

3.1. Importance of cooperation for Bogotá

Cooperation is one of the sources of obtaining resources to finance projects of the District Development Plan, especially those that have to do with the priorities of the city and preferential in the agendas of the organizations and cooperation agencies.

Cooperation has traditionally been conceived within the framework of the development of peoples. However, in the last three decades, with globalization and decentralization, its possibilities have multiplied, diversifying providers, forms, modalities and actors.

In this sense, the traditional sources of international cooperation include governments, their cooperation agencies, multilateral and regional organizations, in what is known as Official Development Assistance (ODA). But these sources have been joined by local and regional governments, Non-Governmental Organizations (NGOs), Non-Profit Entities (ESAL),

foundations of the private company and the private company itself, in what corresponds to decentralized cooperation.

dialogue of the District Capital before the instances

institutionalization of international cooperation in the Capital District

For the management of international cooperation resources, the District Capital participates in the National System of International Cooperation (SNCI), which articulates the different political, technical and regulatory actors of cooperation at the national and territorial level.

Participating in the SNCI are the Presidential Agency for Social Action and International Cooperation, which is the official institution that coordinates non-reimbursable international technical and financial cooperation; the Ministry of International Relations, through the Directorate of International Cooperation; and the international cooperation offices of national and territorial entities. Likewise, NGOs, territorial entities, official and non-governmental cooperation sources, bilateral and multilateral organizations and different institutions such as unions, unions, universities, chambers of commerce participate.

The institutionality in the District Capital is governed by Agreement 257 of November 30, 2006, which indicates the General Secretariat, the District Secretariat of Finance and the District Secretariat of Planning, as the coordinating entities of the subject in the city.

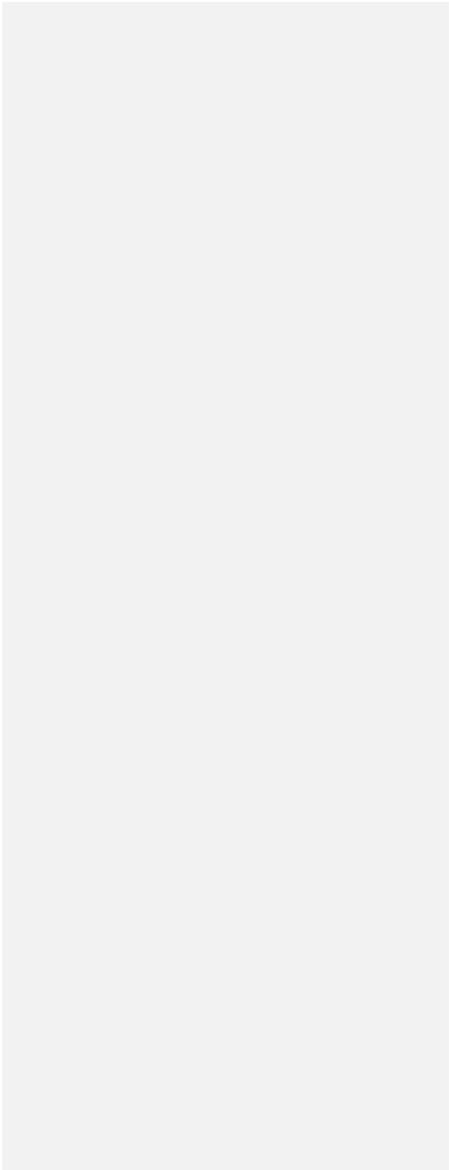
Decree 163 of 2008 creates the District Directorate of International Relations DDRI in the General Secretariat, which assumes the

of the SNCI and coordinates the city's cooperation policy and strategy.

In turn, with Decree 499 of November 2009, the Subdirectorate of Multilateral Banking and Operations (SBMO) is created within the District Directorate of Public Credit (DDCP) of the District Secretary of Finance (SDH). This Subdirectorate gathers all the functions that the District Secretariat of Finance has in the matter of Multilateral Banking and Cooperation, in the sense of coordinating and monitoring the execution of projects financed with resources from multilateral banks and cooperation in the Capital District. It also supports district management of cooperation resources and, due to its functional proximity to multilateral banking entities, manages donations and cooperation resources not linked to credits, with these entities.

Meanwhile, the Directorate of National and International Regional Integration (DIRNI), of the District Planning Secretariat, with the information from the project bank, completes the district scheme that supports and coordinates in the district entities the management of resources from of cooperation. This entity, through its International Cooperation Information System (SICO), is in charge of communicating and permanently updating the entities and organizations of the District of the announcements, offers and available resources from the cooperators. It also provides technical support to the entities and organizations of the District

in the formulation of projects to obtain resources from international cooperation.



International cooperation management framework

All management of cooperation resources must be framed in the "International Cooperation Strategy of the Republic of Colombia 2007-2010"⁷ and in the "International Cooperation Strategy of Bogotá (ECI)", in accordance with the established priority lines, by the nation and by the District, according to the most urgent and important needs of the city.

In the Country Strategy, the priority areas are:

1. The Millennium Development Goals (MDGs)
2. The fight against drugs and the environment
3. Reconciliation and governance

While in the city there are some priority areas indicated by the Development Plan and by the Bogotá Cooperation Strategy (ECI), which are:

1. Human development
2. Institutional development
3. Productive development and income generation
4. Environment, habitat and disaster prevention

And as transversal lines, the ECI foresees:

1. Woman and gender
2. Science, technology and innovation
3. Culture

⁷ For the effect, see: (http://www.accionsocial.gov.co/documentos/Cooperacion%20Internacional/DOCUMENTOS_NOV_2007/estrategia_espa%20ol.pdf)

Any cooperation project that you want to present must be framed within these national and district thematic lines.

International cooperation modalities

The modalities (or categories) used by the sources or donors to deliver cooperation are:

1. Technical cooperation: It consists of the transfer of techniques, technologies, exchange of experiences and knowledge between countries.
2. Financial cooperation: Provides access to non-reimbursable capital or debt forgiveness, for the financing of development projects. It is important to point out here that within the theory of international cooperation, financial cooperation includes concessional loans from multilateral banks; however, in the Capital District, these reimbursable resources are considered public credit and only the Mayor and his Secretary of the Treasury are empowered to negotiate them, and they can only be structured through the District Office of Public Credit.
3. Technical cooperation between developing countries: Technical cooperation carried out between countries with a similar degree of development. It is also known as "South-South" cooperation or "Horizontal" cooperation.

4. **Triangular cooperation:** Cooperation between two countries with a similar degree of relative development with the financing or sponsorship of a country with a higher degree of development or a multilateral organization, generally to transfer knowledge or technical or technological experiences.
 5. **Humanitarian and emergency aid:** It is intended for those affected by human or natural disasters, in order to reduce the effects of emergencies and meet immediate needs. It is also oriented towards relief, support for victims, prevention and mitigation of natural disasters, epidemics, armed conflicts and wars.
 6. **Food aid:** Contribution of food products to facilitate self-sufficiency.
- development and guarantee food aid as a basic process for the development of peoples.
7. **Cultural cooperation:** Includes activities such as delivery of equipment, donations of material, training, exchanges in cultural areas.
 8. **Scholarships:** It is the education or training offered to contribute to the technical, technological, scientific, research development of students and officials that contribute to the development of the countries.
- The process to obtain cooperation resources varies depending on whether it is Official Development Assistance (ODA) or decentralized cooperation.



3.2 Management of cooperation for sources of Official Aid to the Development (ODA)

Official Development Assistance (ODA) is that which comes from governments, government agencies and multilateral organizations through the state agency, which in the case of Colombia is the Presidential Agency for Social Action and International Cooperation Acción Social (www.accionsocial.gov.co).

To obtain resources from official sources, it is necessary to channel the request through the DDRI of the General Secretariat, which is the only district interlocutor before Social Action. The entities that support and facilitate this management before the General Secretariat, according to the type of cooperation that is managed, are the District Secretariat of Finance, through the District Directorate of Public Credit (DDCP), and the District Planning Secretariat, through the Directorate of National and International Regional Integration (DIRNI).

The schematic procedure is presented below:

1. Formulation of projects of specific needs, identified and contemplated in the Development Plan and in the International Cooperation Strategy of Bogotá (ECI) and in the Country Strategy. Prior consultation can be done by requesting support from the District Finance Secretariat (in the DDCP) or the District Planning Secretariat (in the DIRNI).
2. Technical advice in the adjustment of

projects in the General Secretaria, District Directorate of International Relations (DDRI).

3. Presentation of the project to the DDRI of the General Secretariat for its respective district endorsement.
4. Presentation of the project, through the DDRI, to Social Action.
5. Management of the Social Action project, which will take an average of one month to study.
6. Social Action, by giving its viability to the project, looks for the source of international cooperation and negotiates it.
7. Study of the project by the cooperation source. According to the procedures of each source, the time of your study can last up to a year.
8. Signing of the agreement by the actors. If the agreement has a financial component whose resources must enter the district budget, it must be studied and signed by the District Secretary of Finance, through the District Directorate of Public Credit (DDCP).
9. Execution, monitoring and evaluation of the project by the executing entity. Six-monthly reports must be submitted to Social Action, to the DDRI General Secretariat and to the DDCP of the District Treasury Secretariat, in the case of financial cooperation.

NOTE: If the project that is presented responds to a call made by any of the official sources, the project must be presented to the respective source through the management of the General Secretariat.

DDRI. Once the approval of the cooperator has been obtained, the "No Objection" of said cooperation must be requested from Social Action, through the DDRI. Subsequently, the normal process of signing the agreement is followed (Step 8).

This procedure, as well as the Project Formulation Manual, can be consulted in greater detail in the "International Cooperation Strategy of Bogotá (ECI)" and on the Social Action page (<http://www.accion-social.gov.co/downloads/downloads.aspx>).

3.3 Management for sources of decentralized cooperation

One of the foundations of the Bogotá International Cooperation Strategy (ECI) is the emphasis on decentralized cooperation management. Decentralized cooperation is the one carried out between local and territorial governments, autonomous communities and civil society organisations. Globalization and the strengthening of civil society groups, as well as the concepts of governance and transparency, have made the flows of these sources of cooperation increase and become attractive, especially when ODA for low-income countries average (such as Colombia) have decreased in recent years.

In less orthodox terms, it can be stated that decentralized cooperation, in addition to territorial governments (such as cities, networks of cities, states, provinces, communities and regions), encompasses the universe of non-governmental organizations (NGOs), made up of foundations

business associations, private companies, guilds, federations, associations, churches, unions, among others.

Obtaining resources and technical and cultural cooperation from decentralized cooperation is managed directly with this type of entity, with the support and accompaniment of the District Treasury Secretariat (in the DDCP) and the District Planning Secretariat. (in the DIRNI). The projects must have the endorsement of the District Office of International Relations (DDRI) of the General Secretariat.

In its "Decentralized International Cooperation Manual"⁸, the Medellín International Cooperation Agency ACI (www.acimedellin.org) presents a range of relevant territorial actors from the European Union, Belgium, Spain, Italy and the United States, which can be accessed with the information contained in the manual.

In turn, Social Action offers the "Manual on access to international cooperation from unofficial sources" (http://www.accion-social.gov.co/documentos/992_Manual_de_Acceso_a_la_Cooperación_ONG.pdf), where in addition to putting at the disposal of cooperation managers a considerable universe of NGOs and ESALs that offer cooperation in the world, suggests the following ways of proceeding to contact this type of cooperation sources:

1. Establish a direct relationship with the organization to access its support.

⁸ MAYOR'S OFFICE OF MEDELLÍN, Decentralized Cooperation Manual, Medellín: International Cooperation Agency of Medellín, 2007.

2. Make contact through public and private international cooperation agencies or embassies, which, in some cases, channel funds or resources to NGOs.
3. Make contact through the Subdirectorate of New Sources of Cooperation of Social Action, an entity that is in charge of promoting and articulating relations between the different actors.⁹

In addition, through the General Secretariat (DDRI), the District Treasury Secretariat (DDCP) and the District Planning Secretariat (DIRNI), different sources of decentralized cooperation can also be investigated and support in the formulation of projects aimed at this type of sources.

Likewise, the Colombian Confederation of NGOs (CCONG) brings together a large number of national NGOs and supports and promotes the management of cooperation resources from these sources.

3.4 Entry of cooperation resources to the district budget

Once a non-reimbursable financial cooperation agreement has been signed, its operation must be advanced and executed.

The first step is to determine whether the capital amounts are likely to enter the district budget. In the next

This section will indicate the cases in which, despite the fact that a cooperation is financial, its resources do not necessarily have to enter the District budget. In the last section, the possible procedures for the entry of cooperation resources to the district budget will be addressed.

3.4.1 When resources do not need to go into the district budget

The resources of a non-reimbursable financial cooperation do not need to enter the district budget when:

It is a non-reimbursable technical cooperation. That is, when the cooperator directly contracts goods or services and donates them as object(s) or product(s) of the cooperation. In this case, it is not necessary for the resources to enter the district budget because it is the cooperator himself who pays for said goods or services. However, the income in kind must be accounted for, recording the corresponding asset, cost or expense account and the counterpart of the accounting entry affects the equity in the Donated Surplus account, which is credited with the value of the donation in kind. For accounting purposes, it is recommended to consult the concepts issued by the District Accounting Directorate on the subject.

It is executed through a non-governmental organization, NGO or a non-profit ESAL entity. Many governments or cooperation agencies, or even international NGOs, carry out the cooperation agreement.

⁹ PRESIDENCY OF THE REPUBLIC OF COLOMBIA. Manual of access to the international cooperation of unofficial sources. Bogota: Presidential Agency for Social Action and International Cooperation, 2007.

operation signed with the city through a non-governmental entity that guarantees the execution of a project, which facilitates the physical and budgetary follow-up for the cooperant in the execution of the project.

3.4.2 When yes and how can resources enter the district budget

In the case of a non-reimbursable financial cooperation to carry out a specific project, whose execution is carried out by a district entity, the procedure for entering said resources into the district budget must be advanced, following the requirements and procedures established in the Organic Statute of the District Budget Decree 714 of 1996. In this case, two situations may arise:

1. Entry of resources during the budget programming of the following term: When the resources of a cooperation agreement must be incorporated into the District Budget but it is expected that they will not be executed during the current term, they can be included during the program. - Process of budget programming for the following term, having as support the agreement where it is stated that these resources will effectively enter the budget for the following term. Subsequently, in the following term, the resources will be deposited in a specific account in pesos of the District Treasury, which will make the respective transfers in accordance with the payment schedule ordered by the executing entity of the agreement, with its respective supports.
2. Incorporation of resources to the district budget through budget addition by District Decree: When resources enter that will be executed in the same term, a budget addition must be made by District Decree. To do this, the following steps are taken:
 1. Request the District Treasury Directorate DDT for the opening of a specific account in pesos, attaching a copy of the respective cooperation agreement signed by the parties.
 2. The DDT certifies the opening of the specific account and the cooperant makes the disbursement in said account.
 3. The DDT certifies the entry of cooperation resources through a legalization act.
 4. The Planning Office of the executing entity issues a feasibility concept for the project in accordance with the following aspects: i) concordance of the project with the Development Plan; ii) the powers of the entity to develop the project; iii) the coherence of the solution proposed in the project to positively affect the problem that generated it; iv) favorable opinion of the General Secretary District Directorate of International Relations (DDR) of the General Mayor's Office, in accordance with the concept of Social Action and with the fulfillment of the priorities established in the International Cooperation Strategy of Bogotá (ECI).
 5. The executing entity sends a request to the District Budget Directorate of the District Treasury Secretariat to

Subdirectorato de Multilateral Banking and Operations.

perform budget addition. For this purpose, the following documents must be attached: legal, economic and financial justification where the objectives of the project, its goals, components, beneficiaries and scheme of execution of the project are established; tight budget; copy of the donation contract or cooperation agreement; updating of goals and products in the Results-Oriented Budget system in the Products, Goals and Results (PMR) in charge of the entity and following the other requirements established for this purpose by the District Budget Directorate.

6. The District Budget Directorate prepares the decree project through which it is ordered to add the annual budget of rents and income of the Capital District for the current validity in the authorized amount and charged to the item Expenses - Direct Investment.
7. The District Secretary of the Treasury signs the request for the Mayor to sign the respective decree.
8. Sending to the General Secretariat.
9. Mayor's signature.

3.5 About the legal nature of donations¹⁰

Every donation is a contract in which one of the parties undertakes to give freely

¹⁰ This section summarizes the document prepared by the General Secretariat in 2006 called: "Report on the budget addition for Donations" (there are no further references) and updated by the District Treasury Secretariat (Budget Directorate and Multilateral Banking Office and Cooperation). The complete document, which has the budgetary and accounting incidence of the donations, can be consulted at the District Directorate of Public Credit,

and irrevocable one thing to the other party, without the latter being obliged to repay him in any way another good or service as consideration for his willingness to give.

The donation is defined by article 1443 of the Civil Code as "... the act by which a person transfers, gratuitously and irrevocably, a part of his property to another person who accepts it".

The main characteristics of this contract are: Gratuity, being principal, nominated and irrevocable, solemn when it falls on real estate or furniture of a certain amount, unilateral and exceptional. It implies the free offer made by the donor and the express acceptance of the donee. It is required to transfer the domain, the tradition of what is donated.

3.5.1 Applicable regulations

As far as the applicable regulations are concerned, two significant points will be analyzed; in the first place, the donation contract within the framework of Law 80 of 1993 and the competence to sign them;

Within the framework of Law 80 of 1993, article 2 literal a) determines which are the state entities subject to its application, including the Capital District.

In accordance with article 20 of Law 1150 of 2007: "Contracts or agreements financed in full or in amounts equal to or greater than fifty percent (50%) with funds from cooperation, assistance or international aid, may be subject to the regulations of such

entities. Otherwise, they will be subject to the procedures established in Law 80 of 1993. The counterpart resources linked to these operations may have the same treatment..." And the aforementioned article 13 orders that the entities covered by Law 80 of 1993, when they enter into contracts, they will be governed by the pertinent commercial and civil provisions, except in matters particularly regulated by it.

For the purposes of entering into donation contracts, paragraph 1 of article 14 of the law in question, establishes that in these contracts the use of clauses or stipulations exceptional to common law will be dispensed with.

Under these legal reasons, the donation contract will not include the exceptional clauses of unilateral termination, interpretation and modification, submission to national laws and expiration, enshrined in number 2 of article 14. In this order of ideas, the contract must be concluded under the pertinent provisions of the Civil Code.

For its part, paragraph 3 of article 20 of Law 1150 of 2007 indicates that "In all cooperation projects that involve state resources, the contributions in kind of the cooperating entity, organization or person must be quantified in national currency, as well as those of the Colombian national entity. Comptrollerships will exercise fiscal control over projects and contracts entered into with multilateral organizations."

Now, in terms of competence, within the functions assigned to the Mayor

of Mayor of Bogotá, in article 38 of Decree Law 1421 of 1993, it is found:

"fifteen. Adjudicate and celebrate the contracts of the central administration, in accordance with the law and the agreements of the Council. Such powers may be delegated to the Secretaries and heads of the administrative department."

For its part, Decree 854 of 2001, in which functions of the Mayor are delegated and specific attributions of some employees of the District administration, in its article 60 establishes:

"The Secretaries of Dispatch, Administrative Departments and the Executive Unit of Public Services, as executing entities that make up the Annual Budget of the District Capital, have the capacity to contract and commit on behalf of the legal entity of which they make part and order spending on development from the appropriations incorporated in its budget. These powers are headed by the Office Secretaries, Department Directors and Manager of the Executive Unit of Public Services."

"These powers may be delegated to management level officials and will be exercised considering the rules enshrined in the General Contracting Statute of the Public Administration and in the current legal provisions."

By means of this Decree, it was expressly provided for the Secretaries of the Office, Directors of Administrative Departments and Director of the Unit

Executive of Public Services, the right to contract, without distinction in the type of contract.

In conclusion, and considering the express repeal of Decree 258 of 2001

by Decree 854, it is necessary to point out that the heads of the dependencies of the central level may enter into donation contracts subject to the provisions of the Civil Code, Law 80 of 1993, District Resolutions 989 of 1995 and 001 of 2001.

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