

STRENGTHENING OF THE CREDIT UNION SYSTEM

(TC-93-08-15-8)

EXECUTIVE SUMMARY

**EXECUTING AGENCIES:** Ministry of Finance (MHCP) and Confederation of Colombian Cooperatives (CONFECOOP)

**BENEFICIARIES:** Banking Superintendency, Superintendency of Cooperative Associations (SES), and CONFECOOP

**OBJECTIVES:** To help preserve the financial cooperative system as a leading provider of financial services to micro-enterprise and small business as well as to low-income urban and rural communities. The specific objective is to support the establishment of a sound supervision system for Colombia's credit unions and other financial co-ops, referred to herein generically as cooperative financial institutions (CFIs).

**DESCRIPTION:** The project consists of the following activities: (i) strengthening of the CFI supervision apparatus within the Banking Superintendency and SES, and (ii) support for consolidating the CONFECOOP auxiliary self-monitoring system. The focus of these activities will be the transfer of specific supervisory know-how, information systems development, and employee training.

**FINANCING:**

|            |                             |
|------------|-----------------------------|
| Modality:  | Grant - Facilities I and II |
| Recipient: | US\$ 945,000                |
| MIF:       | US\$ 750,000 Facility I     |
|            | US\$ 665,000 Facility II    |
| Total:     | <u>US\$2,360,000</u>        |

**IMPLEMENTATION TIMETABLE:**

|               |           |
|---------------|-----------|
| Execution:    | 24 months |
| Disbursement: | 30 months |

**SPECIAL CONDITIONS:** As conditions precedent to the first disbursement for each subcomponent of component I, the Ministry of Finance would be required to: (i) execute subsidiary project-implementation agreements with the Banking Superintendency and SES, delegating to those agencies the rights and responsibilities that would fall to them for the project, and (ii) appoint a project coordinator for component I.

**EXCEPTIONS TO POLICIES:** None.