

Document of  
**The World Bank**

Report No: ICR00003888

**IMPLEMENTATION COMPLETION AND RESULTS REPORT**

(IBRD-82250; IBRD-84550)

**ON TWO LOANS**

**IN THE AMOUNT OF US\$850 MILLION**

**TO THE**

**REPUBLIC OF COLOMBIA**

**FOR A**

**PROGRAMMATIC**

**PRODUCTIVE AND SUSTAINABLE CITIES DEVELOPMENT POLICY LOANS**

**December 19, 2016**

Social, Urban, Rural and Resilience Global Practice  
Transport and ICT Global Practice  
Colombia and Mexico Country Management Unit  
Latin America and the Caribbean Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective *December 19, 2016*)

Currency Unit = Colombian Peso (COP)

COP 3,019.76 = US\$1.00

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AECI	Spanish Agency for International Cooperation ( <i>Agencia Española de Cooperación Internacional</i> )
ANI	National Infrastructure Agency ( <i>Agencia Nacional de Infraestructura</i> )
ASV	Road Safety Agency ( <i>Agencia de Seguridad Vial</i> )
CONPES	National Economic and Social Policy Council ( <i>Consejo Nacional de Política Económica y Social</i> )
COP	Colombian Peso
CP	Contract Plan ( <i>Contratos Plan</i> )
CPF	Country Partnership Framework
CRT	Transport Regulatory Commission ( <i>Comisión Reguladora de Transporte</i> )
DANE	National Administrative Statistics Department ( <i>Departamento Administrativo Nacional Estadístico</i> )
DNP	National Planning Department ( <i>Departamento Nacional de Planeación</i> )
DPL	Programmatic Development Policy Loan
FND	<i>Financiera de Desarrollo Nacional</i>
FONADE	National Fund for Development Projects ( <i>Fondo Nacional de Proyectos de Desarrollo</i> )
GoC	Government of Colombia
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IFC	International Financial Corporation
IFI	International Financial Institution
INCO	National Institute of Public Credit ( <i>Instituto Nacional de Crédito Oficial</i> )
ITS	Intelligent Transit Systems
FONADE	National Development Fund ( <i>Fondo Nacional de Desarrollo</i> )
LOOT	Organic Law governing the Territorial Planning ( <i>Ley Orgánica de Ordenamiento Territorial</i> )
MADR	Ministry of Agriculture and Rural Development ( <i>Ministerio de Agricultura y Desarrollo Rural</i> )
MHCP	Ministry of Finance and Public Credit ( <i>Ministerio de Hacienda y Crédito Público</i> )
MoT	Ministry of Transportation ( <i>Ministerio de Transporte</i> )
MVCT	Ministry of Housing, Cities and Territory ( <i>Ministerio de Vivienda, Ciudad y Territorio</i> )
NAMA	
NDP	National Development Plan
NISHRA	National Inventory of Settlements in High Risk Areas
PA	Programmatic Approach
PBOT	Basic Territorial and Land Use Plans ( <i>Plan Básico de Ordenamiento Territorial</i> )
PD	Program Document
PGN	Nation's General Budget ( <i>Presupuesto General de la Nación</i> )

PGOT	Territorial and Land Use Planning General Policy ( <i>Política General de Ordenamiento Territorial</i> ).
PMT	Metropolitan Territorial Plan ( <i>Plan Territorial Metropolitano</i> )
POT	Territorial and Land Use Plan ( <i>Plan de Ordenamiento Territorial</i> )
PSIA	Poverty and Social Impact Assessment
RAS	Reimbursable Advisory Services
REV	Electronic Vehicular Identification System
SFV	Family Housing Subsidy ( <i>Subsidio Familiar de Vivienda</i> )
SISCONPES	Monitoring System for CONPES ( <i>Sistema de Seguimiento CONPES</i> )
SMMLV	Legal Monthly Minimum Salary ( <i>Salario Mínimo Mensual Legal Vigente</i> )
SoC	System of Cities
TPU	Transport Planning Unit
TRC	Transport Regulatory Commission
VIPA	Social housing for Saving Families ( <i>Vivienda Social para Ahorradores</i> )
4G	Fourth Generation of Concession Infrastructure Projects

Vice President Jorge Familiar

Country Director Gerardo Corrochano

Senior Global Practice Director: Ede Jorge Ijjasz-Vasquezde Jorge  
José Luis Irigoyen

Sector Manager: Gylfi Palsson  
Ming Zhang

Project Team Leader: Camila Rodríguez  
Angélica Núñez

ICR Team Leader: Camila Rodríguez  
Angélica Núñez



**COLOMBIA  
PROGRAMMATIC  
PRODUCTIVE AND SUSTAINABLE CITIES DEVELOPMENT POLICY  
LOANS**

**CONTENTS**

[Data Sheet](#)

- A. Basic Information
- B. Key Dates
- C. Ratings Summary
- D. Sector and Theme Codes
- E. Bank Staff
- F. Results Framework Analysis
- G. Ratings of Program Performance in ISRs
- H. Restructuring

1. Program Context, Development Objectives and Design .....	1
2. Key Factors Affecting Implementation and Outcomes .....	5
3. Assessment of Outcomes .....	10
4. Assessment of Risk to Development Outcome.....	21
5. Assessment of Bank and Borrower Performance .....	22
6. Lessons Learned.....	24
7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners.....	25
Annex 1 Bank Lending and Implementation Support/Supervision Processes.....	26
Annex 2. Beneficiary Survey Results .....	29
Annex 3. Stakeholder Workshop Report and Results.....	30
Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR .....	31
Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders .....	37
Annex 6. List of Supporting Documents .....	38
Annex 7. Policy and Results Matrix for DPL I and II .....	39
Annex 8. Transportation Public-Private Partnerships. List of 4G projects.....	44
Annex 9. DPL II Prior Actions Analytical Underpinnings.....	48
MAP	



A. Basic Information			
DPL I			
Country	Republic of Colombia	Program Name:	First Programmatic Productive and Sustainable Cities Development Policy Loan
Program ID:	P130972	L/C/TF Number(s):	IBRD-82250
ICR Date:	12/19/2016	ICR Type:	Core ICR
Lending Instrument:	Programmatic Development Policy Loan (DPL)	Borrower:	Republic of Colombia
Original Total Commitment:	US\$ 150M	Disbursed Amount:	US\$ 150M
Revised Amount:	n.a.		
<b>Implementing Agencies: Ministry of Finance and Public Credit (MOF) and the National Planning Department (in Spanish, DNP)</b>			
<b>Cofinanciers and Other External Partners: N.A.</b>			
DPL II			
Country	Republic of Colombia	Program Name:	Second Programmatic Productive and Sustainable Cities Development Policy Loan
Program ID:	P145766	L/C/TF Number(s):	IBRD-84550
ICR Date:	12/19/2016	ICR Type:	Core ICR
Lending Instrument:	Programmatic Development Policy Loan	Borrower:	Republic of Colombia
Original Total Commitment:	US\$ 700M	Disbursed Amount:	US\$ 700M
Revised Amount:	n.a.		
<b>Implementing Agencies: Ministry of Finance and Public Credit (MOF) and the National Planning Department (in Spanish, DNP)</b>			
<b>Cofinanciers and Other External Partners: N.A.</b>			

**B. Key Dates****First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972**

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	07/11/2012	Effectiveness:	12/19/2012	12/19/2012
Appraisal	09/25/2012	Restructuring(s):	n.a.	n.a.
Approval:	12/13/2012	Mid-term Review:	n.a.	n.a.
		Closing:	06/30/2013	06/30/2013

**Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766**

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	03/11/2014	Effectiveness:	12/18/2014	12/16/2014
Appraisal:	10/06/2014	Restructuring(s):	n.a.	n.a.
Approval:	12/12/2014	Mid-term Review:	n.a.	n.a.
		Closing:	12/31/2015	12/31/2015

**C. Ratings Summary****C.1 Performance Rating by ICR****Overall Program Rating**

Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

**C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)****Overall Program Rating**

Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately satisfactory	Government:	Moderately satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
<b>Overall Bank Performance:</b>	Satisfactory	<b>Overall Borrower Performance:</b>	Satisfactory

**C.3 Quality at Entry and Implementation Performance Indicators****First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972**

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None



DO rating before Closing/Inactive status:	Satisfactory		
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**Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766**

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

**D. Sector and Theme Codes**

**First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972**

	Original	Actual
<b>Sector Code (as % of total Bank financing)</b>		
General public administration sector	33	33
General transportation sector	28	28
Housing construction	17	17
Sub-national government administration	11	11
Water supply	11	11

**Theme Code (as % of total Bank financing)**

City-wide Infrastructure and Service Delivery	11	11
Municipal finance	17	17
Municipal governance and institution building	6	6
Urban Economic Development	33	33
Urban services and housing for the poor	33	33

**Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766**

	Original	Actual
<b>Sector Code (as % of total Bank financing)</b>		
Housing finance	13	13
Rural and Inter-Urban Roads and Highways	13	13
Sub-national government administration	37	37
Urban Transport	37	37

<b>Theme Code (as % of total Bank financing)</b>		
City-wide Infrastructure and Service Delivery	25	25
Municipal governance and institution building	25	25
Natural disaster management	13	13
Other urban development	25	25
Urban planning and housing policy	12	13

## **E. Bank Staff**

### **First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972**

<b>Positions</b>	<b>At ICR</b>	<b>At Approval</b>
Vice President:	Jorge Familiar	Hasan Tuluy
Country Director:	Gerardo Corrochano	Gloria M. Grandolini
Practice Manager/ Sector Manager:	Gylfi Palsson (Acting) Ming Zhang	Aurelio Menendez Anna Wellenstein
Project Team Leader:	Camila Rodriguez Angélica Núñez	Taimur Samad Shomik Raj Menhndirata
ICR Team Leader:	Camila Rodriguez Angélica Núñez	
ICR Primary Author:	M. Rosa Puech	

### **Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766**

<b>Positions</b>	<b>At ICR</b>	<b>At Approval</b>
Vice President:	Jorge Familiar	Jorge Familiar
Country Director:	Gerardo Corrochano	Gerardo M. Corrochano
Practice Manager Manager:	Gylfi Palsson (Acting) Ming Zhang	Aurelio Menendez Anna Wellenstein
Project Team Leader:	Camila Rodriguez Angélica Núñez	Camila Rodriguez Angélica Núñez
ICR Team Leader:	Camila Rodriguez Angélica Núñez	
ICR Primary Author:	M. Rosa Puech	

## **F. Results Framework Analysis**

### **Program Development Objectives**

1. The Program Development Objective (PDO) was to support the strengthening of the Government of Colombia's policy framework on productive, sustainable and inclusive cities. The program supported the Government's reforms under the following original policy areas:

**(i) Creating Sustainable and Inclusive Cities**

to improve access to basic water, sanitation and urban transport and mitigate vulnerability to natural disasters for the urban poor.

**(ii) Increasing Access to Affordable Housing**

to promote the provision of affordable and safe low-income housing solutions.

**(iii) Strengthening Institutions and Regional Coordination**

to strengthen the ability of subnational entities to coordinate and finance the structuring and implementation of regional and metropolitan development initiatives.

**(iv) Improving Urban Connectivity and Regional Infrastructure Finance**

to improve the productivity of the System of Cities (SoC) through improved connectivity within a network of cities and between port cities and ports to external markets.

**Revised Program Development Objectives**

The PDO was not revised during the life of the Program. Some of the key indicators were changed: some dropped and revised and some new were added. See section 1.3.

**(a) PDO Indicator(s)**

<b>First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972 Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766</b>				
<b>Indicator</b>	<b>Baseline Value</b>	<b>Original Target Values (from approval documents)</b>	<b>Formally Revised Target Values</b>	<b>Actual Value Achieved at Completion or Target Years</b>
<b><i>Policy Area I - Sustainable and Inclusive Cities</i></b>				
<b>Indicator 1</b>	The National Development Plan 2014-2018 is structured with a territorial/regional approach that takes into account the System of Cities (SoC) framework and includes indicators to track progress at the regional level			
Value (qualitative or quantitative)	0	1		1
Date achieved	09/15/2014	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Achieved</b> (100 percent level of achievement). This indicator was introduced with the DPL II to better assess how this policy contributed to the achievement of the PDO.			
<b>Indicator 2</b>	Number of poor households in cities with population greater than 100,000 residents that have connected to neighborhood water and sanitation networks through availing connection subsidy			
Value	0	30,000 households		30,159

(qualitative or quantitative)				
Date achieved	11/08/2012	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Achieved</b> (100 percent level of achievement).			
<b>Indicator 3</b>	Number of conceptual design or feasibility studies supporting travel demand management policies, including formulation of congestion charging schemes, and-or parking, and-or non-motorized transit, in cities with population greater than 300,000.			
Value (qualitative or quantitative)	n.a.	2	n.a.	2
Date achieved	09/15/2014	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Achieved (100 percent level of achievement).</b> This indicator was introduced in DPL II better assess how this policy contributed to the achievement of the PDO. Two conceptual design studies completed as of 2015 (see annex 6 for details):			
<b>Indicator 4</b>	Increase in availability of public spaces in cities with population greater than 100,000 residents as measured by square meters of public space per capita (square meters)			
Value (qualitative or quantitative)	3.30	3.90	n.a.	3.60
Date achieved	11/08/2012	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Partially achieved</b> (92% level of set target). The population increase in Colombian cities was a key reason for this target's level of achievement.			
<b>Indicator 5</b>	Number of municipal inventories of settlements located at high-risk areas formulated in accordance with Ministerial Resolution 0448 of July 17, 2014.			
Value (qualitative or quantitative)	0	42	n.a.	4 inventories uploaded in the MVCT system  31 municipalities with advanced work though not uploaded
Date achieved	09/14/2014	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Partially achieved</b> (9 percent level of achievement for uploaded inventories and 83 percent together with prepared inventories with the new guidelines). This			

achievement)	indicator was introduced in the DPL II to better assess the achievement of the PDO (see paragraph 20).			
<b>Indicator 6</b>	Establishment of an institutional and monitoring framework consistent with international good practice to address urban traffic safety issues			
Value (qualitative or quantitative)	n.a.	Establishment of National Lead Agency to address Road Safety	n.a.	Legislation approved and agency established (Dec. 2013)
Date achieved	11/08/2012	06/30/2013		06/30/2013
Comments (incl. % achievement)	<b>Achieved</b> (100 percent level of achievement). While the Law 1702- December 2013 created the Road Safety Agency ( <i>Agencia de Seguridad Vial-ASV</i> ), the ASV was not fully operational immediately after its establishment. Efforts to launch its activities picked up in 2015, with the definition of its structure, functions and staff and the establishment of the ASV resources. A Director was appointed in August 2016. It is expected that the ASV will function fully after this appointment. This indicator was not included in the DPL II results matrix.			
<b><i>Policy Area II – Increasing Access to Affordable Housing</i></b>				
<b>Indicator 7</b>	Number of low-income families with access to affordable and safe housing solutions as a result of 2012 Public Housing (PH) law and the Voluntary Savings Program (VIPA).			
Value (qualitative or quantitative)	0	Public Housing: 100,000 VIPA: 10,000	n.a.	Public Housing: 97,017 VIPA: 35,000
Date achieved	11/08/2012	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Achieved</b> (97 percent level of achievement for PH and 350 percent for VIPA). The wording of this indicator was modified in the DPL II to include the VIPA program, better reflecting the array of government programs available to low-income families.			
<b><i>Policy Area III – Institutional Strengthening and Regional Coordination</i></b>				
<b>Indicator 8</b>	Number of (ii) regional Contract Plans (CP) signed between territorial entities and (ii) Metropolitan Territorial Plans (MTP) increases.			
Value (qualitative or quantitative)	0	10		7 CPs signed 8 CP in different stage of negotiation One MTP formulated and under implementation in Valledupar (out of six metropolitan areas)

Date achieved	11/08/2012	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Partially achieved</b> (70 percent level of achievement for signed CP). The wording for this indicator was modified to include the MTP, to better assess results in this policy area. There was significant progress in the preparation of CPs, which are expected to be signed during 2016-2017. The negotiation process was affected by the political cycles at decentralized level.			
<b>Policy Area IV – Urban Connectivity and Regional Infrastructure Finance</b>				
<b>Indicator 9</b>	The Transport Planning Unit and the Transport Regulatory Commission are fully operational, as evidenced by the set-up of functional areas and hiring of staff.			
Value (qualitative or quantitative)	N	Y	n.a.	N
Date achieved	09/14/2014	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Not achieved.</b> Both the TPU and the TRC were created by law but not functioning by Program completion, due in part to lack of fiscal resources to support their operationalization. This indicator was introduced in the DPL II to better assess how this policy contributed to the achievement of the PDO.			
<b>Indicator 10</b>	Number of urban PPPs structured with signed contracts and financing frameworks in place under the 4G Program			
Value (qualitative or quantitative)	0	8	n.a.	11
Date achieved	11/08/2012	12/31/2015		12/31/2015
Comments (incl. % achievement)	<b>Achieved</b> (137 percent level of achievement). The wording for this indicator was modified, to specifically include the key infrastructure program for road concessions, known as the 4G Program, and to drop the reference to urban PPPs. A list of the PPPs is included in Annex 8.			
<b>Indicator 11</b>	<b>Kilometers of principal road network under integral maintenance contracts</b>			
Value (qualitative or quantitative)	0	750 kms	n.a.	912 kms
Date achieved	11/08/2012	06/30/2013		09/30/2016
Comments (incl. % achievement)	<b>Achieved</b> (121 percent level of achievement). This indicator was not included in the DPL II results indicators matrix, as it was perceived as less relevant to measure policy results under the DPLs.			

(b) Intermediate Outcome Indicator(s)

N/A

### G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
<b>First Programmatic Productive and Sustainable Cities Development Policy Loan-P130972</b>				
1	04/09/2013	S	S	150
<b>Second Programmatic Productive and Sustainable Cities Development Policy Loan-P145766</b>				
1	12/28/2015	S	S	700

### H. Restructuring (if any)

N.A.

### I. Disbursement Profile





## 1. Program Context, Development Objectives and Design

### 1.1 Context at Appraisal

2. The first Santos Administration, entering office in August 2010, registered several significant achievements; namely the effectiveness of the US-Colombia Free Trade Agreement and the initiation of the peace negotiations. At the time of appraisal the Government was moving forward with an ambitious fiscal and economic reform agenda. Colombia's economic performance had been good in the years preceding the DPL preparation, as a result of good policies and good economic environment, marked by favorable oil prices. Fiscal consolidation had strengthened the economy's resilience to external shocks. Economic growth was 5.9 percent in 2011, among the highest in the region. At the time, Colombia's fiscal performance was strong thanks to strong growth, favorable oil prices and tax reforms. While growth slowed down in 2012, influenced by slow growth in the US and stagnating oil and coal production, overall the country's macroeconomic outlook was deemed robust and adequate in 2012 for the first policy development loan.

3. The efficiency and productivity of Colombia's urban system were considered key determinants in the country's ability to transition from a middle income to a higher-income economy. Urban activities accounted for an important part of economic growth. Urban growth was key to support the move towards a more knowledge-intensive growth and manufacturing-based economy, versus commodity-driven economy. Besides, 77 percent of Colombians lived in cities, where unemployment reached around 12 percent. The efficient management of cities and urban areas was perceived as key to realize a potential growth geared towards reducing poverty and inequality in the country. As it was the case in other countries, urbanization was correlated to lower poverty rates and improving living conditions and access to basic services across the country. At the time of preparation, there was significant progress towards universal access to basic services in cities of all sizes in Colombia.

4. Nevertheless, challenges persisted. Among these were: increasing safety and efficiency in public transportation, which was key to access economic opportunities; addressing negative externalities of rapid motorization (pollution, safety and congestion); overcoming deficits in public spaces and scarcity of low income housing, which represented challenges to security and quality of life. Finally, improving inter-jurisdictional coordination was key to ensure spreading benefits and improving connectivity was also crucial to support increased productivity and trade. In late-2011 the Government outlined a high-level policy initiative called *Misión para el fortalecimiento del Sistema de Ciudades de Colombia*. A group of national and international experts provided guidance to the DNP in preparing a "System of Cities" framework, resulting in a national policy on cities with recommendations and analysis across several sectors.

5. **Rationale for Bank Assistance.** The DPL was consistent with the Bank's Country Partnership Strategy (CPS) for Colombia for the 2012-2016 period. The CPS

acknowledged the challenges of fostering sustainable and productive cities, urban development, affordable housing, urban and intra-urban transport, among other themes. The DPL was linked to previous knowledge products developed to support the policy priorities of Colombia. The DPL was sought to support the government's high-level policy priorities, adopted with inputs from Bank's analytic work. The Bank prepared a sector study, "Colombia Urbanization Review – Amplifying the Gains from the Urban Transition (WB 2012)". The report provided concrete policy guidance to the Government on how to maximize the efficiency of the country's system of cities. The diagnostic analysis provided in the report was used as direct input into the National Development Plan and it directly supported the development of the *Misión para el fortalecimiento del Sistema de Ciudades de Colombia* policy initiative. Also, each policy area was supported by a set of analytical work, which was grouped under the Programmatic Sustainable and Productive Knowledge Services (see Annex 9). While the DPL was an innovative instrument in urban development and transportation sectors, the Government and the Bank chose it to support the sector program, since it could provide flexible financial support for the Government sector reforms. The DPL was seen as complemented by knowledge services and technical assistance to support sector efforts.

## 1.2 Original Program Development Objectives (PDO) and Key Indicators

6. The original Program Development Objective (PDO) was **to support the strengthening of the Government's policy framework on productive, sustainable and inclusive<sup>1</sup> cities**. The program supported the Government's policy and regulatory reforms under four pillars:

**(i) Creating Sustainable and Inclusive Cities:** To improve access to basic water, sanitation and urban transport and mitigate vulnerability to natural disasters for the urban poor.

**(ii) Increasing Access to Affordable Housing:** to promote the provision of affordable and safe low-income housing solutions.

**(iii) Strengthening Institutions and Regional Coordination:** to strengthen the ability of subnational entities to coordinate and finance the structuring and implementation of regional and metropolitan development initiatives.

**(iv) Improving Urban Connectivity and Regional Infrastructure Finance:** to improve the productivity of the System of Cities (SoC) through improved connectivity within a network of cities and between port cities and ports to external markets.

7. The original **Key Outcome Indicators** focused on:

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<sup>1</sup> Though the term "inclusive" was not specifically included in the PDO of the DPL I, it was used through out the DPL I PD, because it was in line with many of the prior action, especially the ones in policy area I in this DPL.

### **Policy Area I – Creating Sustainable and Inclusive Cities**

- Number of poor households in cities with population greater than 100,000 residents that have connected to neighborhood water and sanitation networks through availing connection subsidy;
- Establishment of an institutional and monitoring framework consistent with international good practice to address urban traffic safety issues;
- Increase in availability of public spaces in cities with population greater than 100,000 residents as measured by square meters of public space per capita

### **Policy Area II – Increasing Access to Affordable Housing**

- Number of low income families with access to affordable and safe housing solutions as a result of 2012 Public Housing law;

### **Policy Area III – Strengthening Institutions and Regional Coordination**

- Number of regional Contract Plans signed between territorial entities with development objectives that benefit lower-income segments

### **Policy Area IV – Improving Urban Connectivity and Regional Infrastructure Finance**

- Number of urban PPPs structured, with signed contracts and financing frameworks in place;
- Kilometers of principal road network under integral maintenance contracts

### **1.3 Revised PDO and Key Indicators, and Reasons/Justification**

8. The PDO remained unchanged throughout the life of the Program. The DPL II introduced new outcome indicators to strengthen the M&E framework. Three indicators were added in policy area I (Indicator 1, 3 and 5 in section F) to capture results on implementing the national urban policy, the regional approach to national development, travel demand management and risk assessment in Colombian cities. Indicator 9 in section F<sup>2</sup> in policy area IV was added to assess institutional strengthening in the transport sector. There were slight adjustments to the wording of the original indicators to reflect changes in the government priority and sector context (see section F of the data sheet for details). Two outcome indicators of the DPL I for policy area I (Indicator 6 in section F-Establishment of an institutional and monitoring framework consistent with international good practice to address urban traffic safety issues) and policy area IV (Indicator 11 in section F-Kilometers of principal road network under integral maintenance contracts) were not included in the DPL II policy and results matrix (see Annex 7 for a Results Table for the DPLs).

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<sup>2</sup> This indicator is indicator 9 in section F. Section F includes all indicators in both DPLs. Annex 7 refers to it as indicator 8. Indicators 6 and 11 in section F are numbered 2 and 6 in Annex 7. Annex 7 reflects the results matrix in both DPLs as they were organized in each PD.

**Table 1: Key Development Indicators DPL II**

<p><b>Policy Area I – Sustainable and Inclusive Cities</b></p> <ul style="list-style-type: none"> <li>• The National Development plan 2014-2018 is structured with a territorial/regional approach that takes into account the SoC framework and includes indicators to track progress at regional level (new);</li> <li>• Number of poor households in cities with population greater than 100,000 residents that have connected to neighborhood water and sanitation networks through availing connection subsidy;</li> <li>• Number of conceptual design or feasibility studies supporting travel demand management policies, including formulation of congestion charging schemes, and-or parking, and-or non-motorized transit, in cities with population greater than 300,000 (new);</li> <li>• Increase in availability of public spaces in cities with population greater than 100,000 residents as measured by square meters of public space per capita;</li> <li>• Number of municipal inventories of settlements located at high risks areas formulated in accordance with Ministerial Resolution 0448 of July 17, 2014 (new).</li> </ul>
<p><b>Policy Area II – Access to Affordable Housing</b></p> <ul style="list-style-type: none"> <li>• Number of low income families with access to affordable and safe housing solutions increases, as a result of the public housing and voluntary savings Programs (VIPA);</li> </ul>
<p><b>Policy Area III – Institutional strengthening and Regional Coordination</b></p> <ul style="list-style-type: none"> <li>• Number of (i) regional Contract Plans signed between territorial entities; and (ii) number of Metropolitan Territorial Plans increases.</li> </ul>
<p><b>Policy Area IV – Urban Connectivity and Regional Infrastructure Finance</b></p> <ul style="list-style-type: none"> <li>• Number of urban PPPs structured, with signed contracts and financing frameworks in place, under the 4G Program;</li> <li>• The Transport Planning Unit and Transport Regulatory Commission are fully operational, as evidenced by the set up of functional areas and hiring of staff (new).</li> </ul>

#### 1.4 Original Policy Areas Supported by the Program

9. The original policy areas supported by the DPLs were:

**Policy Area 1: Sustainable and Inclusive Cities:** The program focused on three Government policies: (i) establishing a multi-sector policy framework based on the “system of cities” approach; (ii) improve access to basic urban services for the poor; and (iii) enhance urban environmental sustainability<sup>3</sup>.

**Policy Area 2: Access to Affordable Housing:** The program supported reforms that aimed to increase the provision of housing for the extreme poor, within the efforts carried out by the Government to create improved access to housing by the poor, through legal and regulatory reform.

**Policy Area 3: Institutional Strengthening and Regional Coordination:** The program aimed to support the Government’s efforts to increase intra-jurisdictional coordination in planning and investment between municipalities and across levels of government.

**Policy Area 4: Urban Connectivity and Regional Infrastructure Finance:** The objective of the Government policy program was to increase the economic efficiency of the urban

<sup>3</sup> Urban environmental sustainability was not directly defined. In the context of the program, the ICR interpreted it as referring to the assessment and management of high-risk areas in urban environment.

system by improving logistics-based connectivity between Colombia cities and external markets. The program aimed to strengthen the framework for structuring of PPPs for urban and regional infrastructure.

### 1.5 Revised Policy Areas

10. The policy areas and medium term objectives were no revised.

### 1.6 Other significant changes

11. There were no significant changes in the design, scope and scales, implementation arrangements, schedule or funding allocations.

## 2. Key Factors Affecting Implementation and Outcomes

### 2.1 Program Performance

12. Disbursements for both operations took place as scheduled and as agreed to with the Government.

**Table 2: Disbursement for each operation**

Operation	Amount US\$ million s	Expected Release Date	Actual Release Date	Release
<b>DPL I</b>	US\$150	12/21/2012	12/21/2012	<i>Regular</i>
<b>DPL II</b>	US\$700	12/16/2012	12/16/2012	<i>Regular</i>

13. DPL II included four new prior actions and a revision of the wording of the other five indicative triggers (see Table 3 below). The new prior actions intended to address bottlenecks and pursue alternative reforms identified by the Government as a priority to consolidate the path towards sustainable and productive cities in Colombia (see section 1.3).

14. The specific prior actions, to be met before Board approval, for the first and second operation in the four policy areas included in this programmatic DPL series are summarized below in Table 3.

**Table 3: Policy Actions for DPL I and DPL II**

<b>DPL I</b>	
<b><i>Policy Area I: Sustainable and Inclusive Cities</i></b>	<b>Status</b>
<b><i>Prior action 1:</i></b> The Borrower, through DNP, has created <u>a sub-directorate unit</u> within the DNP responsible for, inter alia, coordinating regional planning and investment, as evidenced by the Borrower's Decree N. 1832 of August 31, 2012, duly published in the Borrower's Official Gazette on August 31, 2012.	<i>Completed</i>

<b>Prior action 2:</b> The Borrower, through the MVCT, has issued a regulation for the <u>provision of subsidies</u> for households water and sanitation connections for lower income families (strata 1 and 2), as evidenced by the Borrower's Decree N. 1350 of June 25, 2012 duly published in the Borrower's Official Gazette on June 25, 2012.	<i>Completed</i>
<b>Prior action 3:</b> The Borrower, through the MT, has adopted its <u>national road safety plan for years 2011-2016</u> to increase urban and inter-urban road safety in its territory, as evidenced by the Borrower's Resolution N. 1282 of March 30, 2012, duly published in the Borrower's Official Gazette on March 30, 2012.	<i>Completed</i>
<b>Prior action 4:</b> The Borrower, through CONPES, has approved its <u>national public space policy guidelines</u> in order to promote the creation of public spaces in urban areas, as evidenced by the Borrower CONPES document N. 3718 of January 31 2012.	<i>Completed</i>
<b>Prior action 5:</b> The Borrower has created a national urban redevelopment company to support the structuring of urban redevelopment projects, as evidenced by Borrower's Presidential Decree N. 4184 of November 3, 2011, duly published in the Borrower's Official Gazette on November 3 2011.	<i>Completed</i>
<b>Policy Area 2: Access to affordable housing</b>	
<b>Policy action 6:</b> The Borrower has established the <u>legal framework for the provision of public housing</u> to the poorest and most vulnerable households as regulated and evidenced by the Borrower's Law N.1537 of June 20, 2012 duly published in the Borrower's Official Gazette on June 20, 2012.	<i>Completed</i>
<b>Policy Area 3: Institutional Strengthening and Regional Coordination</b>	
<b>Prior action 7:</b> The Borrower, through the MT and the DNP, has issued a <u>regulation for the implementation of the Contrato Plan</u> , as evidenced by the Borrower's Decree N. 189 of April 25, 2012, duly published in the Borrower's Official Gazette on April 25, 2012.	<i>Completed</i>
<b>Policy Area 4: Urban Connectivity and Regional Infrastructure Finance</b>	
<b>Prior action 8:</b> The Borrower, through MT, has designated a <u>national agency</u> for infrastructure to structure regional infrastructure concessions, as evidenced by the borrower's Decree N. 4165 of November 3, 2011, duly published in the Borrower's Official Gazette on November 3, 2011.	<i>Completed</i>
<b>Prior action 9:</b> The Borrower has established the <u>legal framework</u> for the structuring and financing of the public-private partnerships, as evidenced	<i>Completed</i>

by the Borrower's Law 1508 of January 10, 2012, duly published in the Borrower's Official Gazette on January 10, 2012.	
<b>DPL II</b>	
<b><i>Policy Area I: Sustainable and Inclusive Cities</i></b>	<b>Status</b>
<b><i>Prior action 1:</i></b> The Government, through CONPES, approved the National Policy to Strengthen the System of Cities in Colombia, which sets forth an action plan for strengthening, inter alia, the governance, financial management, physical land digital connectivity and economic development of cities. <b>(new)</b> .	<i>Completed</i>
<b><i>Prior action 2:</i></b> The Government, through the MT, has issued a regulation allowing its municipalities or districts with population above 300,000 people to establish charges to motorists in connection with the use of urban areas with, inter alia, high traffic congestion and pollution in order to improve public transit. <b>(new)</b> .	<i>Completed</i>
<b><i>Prior action 3:</i></b> The Government, through MT, has adopted a national technical standard for Electronic Vehicular Identification Systems aimed at collecting data to identify ground transportation vehicles through radiofrequency systems. <b>(new)</b> .	<i>Completed</i>
<b><i>Prior action 4:</i></b> The Government, through the MVCT, has adopted a standardized methodology to be used by its municipalities and districts to select, collect and consolidate, in a national inventory, information relating to human settlements located in areas prone to landslides and floods. <b>(new)</b>	<i>Completed</i>
<b><i>Policy Area 2: Access to affordable housing</i></b>	
<b><i>Prior action 5:</i></b> The Government, through MVCT, has established the principles of regulation for the carrying out of the Priority Interest Housing Program for Savers, which is aimed at providing different types of subsidies to selected families to facilitate purchase of a house.	<i>Completed</i>
<b><i>Policy Area 3: Institutional Strengthening and Regional Coordination</i></b>	
<b><i>Prior action 6:</i></b> The Government has adopted a legal framework establishing integrated political, administrative and fiscal regulations for the management of its metropolitan areas.	<i>Completed</i>
<b><i>Policy Area 4: Urban Connectivity and Regional Infrastructure Finance</i></b>	
<b><i>Prior action 7:</i></b> The Government, through MT, has created the Transport Infrastructure Planning Unit and the Infrastructure and Transport Regulatory Commission to the Government's planning and regulatory capabilities in the transport sector.	<i>Completed</i>
<b><i>Prior action 8:</i></b> The Government, through CONPES, has approved guidelines to develop a program to regulate its fourth generation of road concessions, which program is aimed at improving the existing national road network. <b>(new)</b> .	<i>Completed</i>

## 2.2 Major Factors Affecting Implementation:

15. The overall performance of the program supported by the DPLs was *satisfactory*. There was progress on all policy areas, meeting the objectives set in the program. Progress was limited in some instances where additional time was needed to reach consensus or strengthened capacity (see section 3.2). The Program content was based on solid analytical work. It benefited from political stability and government continuity.

16. **Government continuity and commitment:** The DPLs were designed and implemented under the two administrations of President Santos. The consecutive administrations provided continuity to develop and implement the high-level policies originally supported by the program, positively impacting the programs results. These policies were laid out in the two National Development Plans for the 2010-2014 and 2014-2018 periods. The Government's commitment ensured the adoption of a substantial number of policy actions and passing of legislation that enabled the achievement of the PDO. The DPLs responded to the Government priorities as stated in the NDPs. Despite this, further commitment would have been required to allocate budget resources in a timely manner to enable the full functioning of the Planning Transportation Unit and the Transport Regulatory Commission (result indicator 9 in section F). This limited the institutional strengthening achievements in policy area IV, though it is expected that both units will be fully operational in the near future.

17. **Content and analytical underpinnings of the Program:** The DPLs were structured around strong analytical work carried out by the GoC and the Bank. The Bank carried out a solid analysis in the 2012 "Colombia Urbanization Review: Amplifying the Gains from the Urban Transition". The GoC prepared seventeen papers as part of *Misión para el fortalecimiento del Sistema de Ciudades de Colombia* and held at least twelve consultations with diverse stakeholders, providing a solid technical foundation for the Program. Other sector work, relevant to each policy area was also carried out, and grouped under the Programmatic Productive and Sustainable Cities Knowledge Services (see Annex 9). Though DPL II introduced new prior actions and revised the wording of indicators (see sections 1.3 and 2.1), this reflected the capacity of the Government and the Bank to adapt to the national context, as implementation advanced.

18. **Political cycles influenced the pace of policy implementation.** Elections at the local level in the second half of 2015 brought changes in local authorities. The timing of these changes influenced decision-making, affecting the achievement of results on travel demand management measures in larger cities and in uploading local inventories of risk areas in policy area I. There was a transition gap between administrations, inherent to the change in government. Incoming governments had to approve the Municipal Development Plans, focus on fiscal matters, before moving forward. In some instances, incoming teams in departments, districts and municipalities needed to be trained, to ensure technical strengthening of teams. In the cases of some municipalities, the changes



in the local councils meant to start anew with new members to socialize and explain ongoing proposals.

19. Regarding policy area III (indicator 8 in the results framework), changes in local governments in October 2015 affected the negotiations of three of the Contract Plans under preparation. The DNP needed to revise the contents of the CPs under preparation; negotiate with the incoming administrations, reviewing the existing commitments and introducing new ones. During the year that followed, the DNP worked on regulation to develop the articles of the NDP regarding the CPs.

20. **Role of the local authorities to carry out some program activities.** A number of the regulations adopted by the Government aimed at allowing local authorities to develop instruments (such as travel demand management schemes) or to gather information to be sent to the national government (inventories of settlements in high risk areas). Local authorities had to take into account diverse interests and activities, which needed to be prioritized and balanced at local level. This took time and efforts at local level. This was the case of the increase in public spaces in larger municipalities. While the policy documents established guidelines and the DPL set targets, municipalities had to define priorities and allocate resources. As mentioned above, this was also the case of the preparation of inventories of settlements on risk-areas. Municipalities were revising their territorial plans and the need to address the challenges identified during the preparation of these municipal inventories were taken into account<sup>4</sup>.

### **2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization:**

21. Design: The PD foresaw the DNP as the institution responsible for technical coordination, monitoring and evaluation. The Departments of Urban Development and of Public Policy Monitoring and Evaluation were responsible for M&E activities with the Ministries of Transport and Environment, Ministry of Housing, City and Territory (MVCT) and other departments within the DNP. A solid Results Framework was included in the PDs. Besides, the DNP and the Bank planned a series of medium term measurements and evaluation activities to strengthen the evaluation of outcomes for the broader policy agenda associated with the Productive and Sustainable System of Cities DPL. There were no significant changes in the M&E design in the second phase. The wording of some indicators in the results matrix was revised to improve the tracking of the policy reforms proposed by the second DPL. Overall, the indicators proposed were adequate, though some of the targets were ambitious given the program's timeframe. Some indicators were not under the control of the national Government, reflecting measures to be adopted by local governments.

22. Implementation: The DNP regularly monitored the indicators in the results matrix, engaging with the Bank during the program's supervision. The DNP's Evaluation Unit was responsible for monitoring the indicators in the SoC action plan every six

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<sup>4</sup> There was significant progress in the use of the standard methodology by municipalities and training of municipalities' staff. Municipalities are taking longer than anticipated to upload their inventories.

months. Since July 2016 SisCONPES - a platform to report on the action plan - is up and functioning. The platform includes a set of territory-based and multi-sectoral indicators. The MVCT has regularly monitored the programs to provide affordable housing and to increase the connections to water and sanitation systems. The Traffic Safety Observatory (*Observatorio de Seguridad Vial*) within the MoT has gathered information to ensure data are available, while working on coordinating and consolidating primary sources of information. It has progressed in developing basic indicators and a website to make information more accessible.

23. **Utilization:** The DNP and the sector ministries used the collected available data to assess the progress of the policies supported by the DPL series. In the case of the water and sanitation program, an evaluation of the design and impact of the program was carried out. This evaluation included a cost-benefit analysis of the investment and analysis of the impacts on health and quality of life in beneficiaries. The MVCT used their annual survey to capture feedback from beneficiaries regarding the affordable housing programs under implementation. The ANI monitored the progress in the structuring of 4G projects. It used the information collected to tackle bottlenecks the projects faced regarding stakeholders and availability of land.

24. The M&E arrangements were sustainable, as they relied on the main mechanisms used by the DNP, the MoT, the MVCT and the ANI.

## **2.4 Expected Next Phase/Follow-up Operation**

25. The Bank will continue supporting Colombia's urban policy in a context of a balanced territorial development. A first programmatic Territorial Development Loan (P158520) is under preparation. The DPL focuses on deepening regional planning in Colombia. This loan and programmatic DPL series will support the government's territorial development program. This includes efforts at the national level to strengthen policies and institutions for territorial development, and at the local level to enhance public sector management of regional investments.

26. A DPL for Sustainable Development (P150475) will continue to support the Government's efforts to improve the environmental efficiency of Colombian cities. The DPL's second phase is under preparation in support of Colombia's green growth strategy with policy and institutional measures in transport, disaster risk management and air quality improvement.

## **3. Assessment of Outcomes**

### **3.1 Relevance of Objectives, Design and Implementation**

27. The relevance of the DPLs objective, which was *high* at the time of preparation, remains *high* at the time of the ICR. The PDO was in line with the main country sector priorities and with the Bank's sector work for Colombia. The NDP 2010-2014 had a framework composed of three strategic areas and five drivers of growth for the country's development. The NDP assumed the need to build more productive, sustainable and

inclusive cities in Colombia to harness growth and materialize the benefits of urbanization. The Colombia Urbanization Review (2012), prepared by the Bank, shared goals and strategies with the NDP. The NDP for 2014-2018 built on the previous NDP, introducing a territorial focus, which guided the design of DPL II.

28. The relevance of DPLs design was *substantial* and consistent with the PDO. It included prior policy actions that were meaningful for the Government and were achievable in a realistic period of time, meeting the goals of the MOF, the DNP and other sectors of government. The results framework included outcome indicators that were appropriate to measure the implementation of the policies supported by the DPL series. Nevertheless, the choice of some of the indicators' target was ambitious, given the DPLs series timeframe and the fact that the policies were to be implemented by the local levels.

29. The relevance of DPLs implementation was *high* as well. It contributed to support the Government in the implementation of a coherent sectorial policy for urban development and transport. These sectors had been traditionally supported by the Bank through investment operations. The DPLs provided the Government with flexibility, through the availability of the funds. The DPL was a useful instrument that contributed to improved coordination across different institutions working in a sector and across different levels of government, strengthening common efforts and a cross-sectoral approach. There was flexibility during implementation to adapt the results matrix between the programmatic loans, reflecting changes in the government priorities and lines of actions. The DPLs accompanied the implementation of policy actions, contributing to strengthening the implementation of the Government key sectorial policies and programs.

### **3.2 Achievement of Program Development Objectives**

#### **Overall Achievement of Objectives**

##### **Rating: Substantial**

30. The program of prior policy actions was implemented in a satisfactory manner and approved on time. This allowed for setting the legal framework that enabled the overall substantial achievement of development objective. The DPLs succeeded in supporting the Government overcome key bottlenecks in urban development; in including the urban and regional agenda in the National Development Plans and in advancing reforms in transportation, housing and service provision, fostered by the approved policy reforms. The majority of targets for the indicators were met, with three indicators surpassing the set targets and three falling short. The reasons for these results are discussed under each policy area. Achievement of each objective under each policy area is discussed below.

#### **Policy Area I – Creating Sustainable and Inclusive Cities**

31. In helping to create sustainable and inclusive cities, the DPLs contributed *substantially* in achieving the objectives of (i) establishing a multi-sector policy

framework that aims to increase the productivity, sustainability and inclusiveness of Colombia's System of Cities; (ii) facilitating improved access to basic services for low-income households across Colombia's cities; and (iii) increasing the environmental efficiency of Colombian cities with stronger risk management systems and an improved framework for urban environmental management, urban redevelopment and the creation of public space. The DPLs met their objectives in the areas of establishing a multi-sector policy framework and improved access to housing and basic services. Progress in the area of increasing the environmental efficiency of Colombian cities was *substantial* with minor shortcomings.

Outcome: Multi-sector policy framework

The DPLs supported measures to establishing a multi-sector policy framework for Colombian cities. It supported the creation, within the DNP, of the sub-Directorate for Territorial Development (*Dirección de Desarrollo Territorial-DDT*), which participates in the implementation of the SoC and is responsible for monitoring key elements of the SoC action plan<sup>5</sup>.

32. It supported the preparation of a National Policy to Strengthen the System of Cities (SoCs), approved through CONPES 3819 in October 2014. This policy document and the background studies carried out to prepare it have been crucial for establishing a transformative framework for Colombian cities. The SoCs defined six policy axes and six long-term objectives to unlock the potential of Colombian cities. The SoC includes an action plan to implement the policy<sup>6</sup>. The action plan is under implementation and it is regularly monitored. The action plan aims to strengthen governance, financial management, physical and digital connectivity and the economic development of cities. The SoC has inspired and continues to inspire other critical pieces of the policy framework. Namely, the National Development Plan for the 2014-2018 period and the *Plan Maestro de Transporte Intermodal*. Ministries and relevant institutions are looking at cities and statistics on cities as a whole (functional), not in isolation. The SoC is influencing the municipal territorial plans (*Planes de Ordenamiento Territorial*), the majority of which are under revision during 2016.

33. The outcome indicator was met: the Government successfully prepared a National Development Plan<sup>7</sup> for the 2014-2018 period, building on the policies and achievements of the 2010-2014 NDP. The 2014-2018 NDP includes for the first time regional chapters and indicators based on territory and as well as transversal (multi-sector). This regional approach is innovative for the NDP and contributes to moving beyond the traditional sectoral approaches in national development. The NDP represents the President's governmental plan for the duration of its mandate. A key policy document, its preparation

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<sup>5</sup> The Directorate for Urban Development (*Dirección de Desarrollo Urbano*) is the department responsible for monitoring the implementation of the SoC. The DDT monitors key elements of the SoC action plan, such as the CP and the *Sistema General de Regalías*.

<sup>6</sup> The SoC action plan includes around 40 actions to be implemented by 10 institutions. It includes monitoring indicators to assess progress towards the SoC objectives.

<sup>7</sup> A NDP exists since 1994 (created by the *Ley Orgánica del Plan de Desarrollo*, 152 1994). A NDP was approved for the period 2010-2014, by the first government of President Santos.

was led by DNP, the technical arm of the Council of Ministers. The NDP benefited from a highly participatory approach, with substantial regional dialogues; sound identification of gaps and diagnosis of the regional differences and definition of the national and regional investment priorities. The Government prepared an annual report to provide Congress with an update on the implementation status of the national sector development policies. Progress on the creation of sustainable, productive and inclusive cities was included in the latest report to Congress.

Outcome: Improved access to basic services for low-income households

34. The DPLs supported the legal framework approved by the Government, through the MVCT and the MoT, to improve access to basic services to low-income households. The regulation on subsidies overcame a barrier to access water and sanitation services for the low-income households in cities. The regulation allowed providing subsidies to finance the last mile to connect households to neighborhood water and sanitation services for very poor families. Increased access to water and sanitation contributed to greater inclusiveness and improvements in the quality of life for the poor in Colombian cities.

35. The outcome indicator target for improved access to basic water and sanitation networks for low-income households was exceeded. A total 30,157 low-income households (strata 1 and 2) in 20 cities with an average population of 100,000 residents, were connected to neighborhood water and sanitation networks through a connection subsidy. The program began with pilots in Barranquilla and Cartagena. The program was well designed and structured to meet its goals. During its implementation the program allowed for changes to the amount and coverage of the subsidies, to adapt to the geographical context of certain areas of the country and to optimize the use of resources without introducing structural changes to the program. The program's impact is explained in section 3.5.

36. Regarding transportation services, the Government succeeded in establishing an institutional and monitoring framework consistent with international good practice to address urban traffic issues. The DPLs supported the Government's measures, through the MoT, to *increase urban and inter-urban road safety* in the country. Under DPL I, the Program supported the adoption of a national road safety plan covering the period 2011-2016. This program was revised in 2013 through a participatory process led by the MoT and the revised plan was approved in 2014 (approved by Resolución 2273). The revised plan covers the period 2014-2021. It includes an action plan with around 60 activities to be carried out by the national level and across sectors. The plan includes guidelines on road safety for the local level. While the revision of the national road safety plan was a positive outcome, the road safety data gathered by the National Observatory of Road Safety does not show improvements in this area in the last years.

37. The outcome indicator was met: The Government established the National Road Safety Agency (Agencia de Seguridad Vial- ASV) in 2013. Nevertheless, the ASV had not started to function by program completion. Though its administrative and institutional

design as well as its sources of funds was defined at the end of 2015<sup>8</sup>, it was not yet carrying out its core mission activities. The appointment of a Director in August 2016 will contribute to move the ASV mission activities forward. Despite a slow start, the ASV had subscribed agreements with 14 municipalities that had prepared local road safety plans.

38. DPL II supported the Government policies and regulations to enable municipalities and its districts *to establish charges to motorists in connection to the use of urban areas with high traffic congestion or pollution*. This regulatory framework allowed Colombian cities to study different schemes to implement travel demand management policies. DPL II also supported the government effort in adopting a standard for the Electronic Vehicular Identification System to identify vehicles through a radio-frequency system. This vehicular identification system was crucial for the implementation and enforcement of several travel demand management schemes. The outcome indicator target was met: Bogota and Cali prepared travel demand management studies by program completion.

39. There has been progress towards implementing measures at national and municipal level to organize and manage urban transportation. At national level, the Government has carried out work to foster the use of non-motorized vehicles and the implementation of management travel demand<sup>9</sup>. After the 2011 Master Transportation Plan (*Plan Maestro de Transporte*) and the Intermodal Strategic Plan, which included a set of priority projects, the Government prepared the *Plan Maestro de Transporte Intermodal* (PMTI), which defined the methodology to select intermodal transportation projects. The PMTI is expected to become a CONPES, becoming long-term policy for the sector.

40. In 2015, the GoC passed a decree on Intelligent Transportation Systems (ITS)<sup>10</sup> and completed the definition of the regulatory framework for electronic payments through vehicular identification.<sup>11</sup> The MoT, as the leading institution implementing this regulation, created a unit within the ministry leading the work on ITS in 2015, which has been working on standardizing technology regarding electronic vehicular identification and toll collection. The unit is staffed with 19 professionals and the MoT intends to incorporate it as an integral part of its structure. This unit has been leading the MoT work on the use of a single electronic card for vehicular identification. There are cities already using the EVR technology to apply charges to road use. Ongoing work in this area is focusing on introducing differentiation by strata, looking to introduce social variables. Progress had been achieved in preparing for a gradual implementation of electronic tolls in the fourth generation of infrastructure projects (4G) during 2017.

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<sup>8</sup> The *Fondo Nacional de Seguridad Vial* is composed by: the previous *Fondo de Prevención de Seguridad Vial*; the 3 percent of the mandatory car insurance and risks excises.

<sup>9</sup> NAMA-TANDEM, with support from USAID and German cooperation GIZ. The MOT has issued guidelines to design and use infrastructure for bicycles in Colombian cities.

<sup>10</sup> Decree 2060 2015 on Intelligent Transportation Systems.

<sup>11</sup> Resolution 4303.

41. By completion, Colombia had implemented integrated mass-transportation systems in larger cities (*Sistemas Integrados de Transporte Masivo – SITM*) and Strategic Systems of Public Transportation (*Sistemas Estratégicos de Transporte Publico – SETP*). The MoT has been working with cities (Bogota, Cali, Barranquilla) on parking and congestion charges schemes, looking into a tariffs stabilization fund, in support of their implementation in cities.

*Outcome: Increase environmental efficiency of Colombian cities<sup>12</sup>*

42. Progress in this dimension of the policy area was achieved focusing on creating additional public spaces in larger cities and on defining a methodology and standards to create a national inventory of human settlements in high risks areas. The Government set in place the legal and regulatory framework to allow the departments and municipalities to use the tools to articulate the policy and achieve progress in this policy dimension. It created an urban redevelopment company to support the structuring of urban development projects.

43. The GoC improved the framework for urban redevelopment and for the creation of public spaces, establishing the main policy guidelines for the decentralized levels to implement. The availability of public spaces in cities increased from the baseline, reaching 3.60 m2 per capita by DPL I completion, short of the 3.90 m2 target. It is relevant to point out that the population increased in most of the major cities, a factor that affected meeting this indicator's target.

44. In terms of institutional strengthening of risk management systems, the main outcome achieved was the definition by the MVCT of a standard methodology at national level to prepare inventories on high-risk areas, to be used by municipalities and districts. The methodology, compiled in a guide, was prepared in a highly participatory process and the MVCT developed software and trained 148 municipalities in its use in 2015 and 2016. It has also carried out dissemination activities to inform municipalities and encourage use of the guide and uploading the information in the software. The software has been upgraded allowing for an easy uploading of large amount of data. A total of 4 municipalities have uploaded the data and 31 other municipalities have made substantial progress in gathering the information though it is not yet in the system.

## **Policy Area II – Access to Affordable Housing**

45. This objective was achieved and the indicator' targets met. By program completion, the Government had increased access to affordable housing for low-income families, reducing the existing gap between demand and supply of affordable housing in urban areas. Between 2012 and 2016, the Government funded three programs that

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<sup>12</sup> Environmental efficiency was not clearly defined in the PD. The document used it to include the creation of public spaces, the elaboration of inventories of high-risk areas in municipalities to assess and manage risk in urban areas and the elaboration of a regulatory framework for urban redevelopment. Indicators were included to measure some of these dimensions. Other aspects such as air pollution were not considered in the scope to the program, given the timeframe for implementation.

enabled and fostered home ownership by low-income families. Under the Vivienda Gratuita program, a total of 90,017 low-income families became home owners<sup>13</sup>, in 205 municipalities in 29 Departments. Starting in 2012, this program focuses on the poorest and most vulnerable families, including displaced population and households in disaster areas. Under the Voluntary Saving Program (VIPA)<sup>14</sup>, a total of 35,041 families were able to buy a house, largely surpassing the 10,000 households program target. Finally, under the program “*Mi Casa Ya*”, 5,918 families benefited from this program<sup>15</sup>. The VIPA program is evolving towards the institutional management of the “*Mi Casa Ya*” program.

46. The policy framework created by the Law 1537/2012 enabled the Government to reduce the deficit of affordable housing for low-income families in urban areas of Colombia. The implementation of this policy, led by the MVCT, positively impacted inclusiveness and the quality of life in cities for low-income population. All three housing programs contributed to reduce poverty, as explained in section 3.4. Enabling home ownership provided access to the financial system to families who were previously excluded (having a house allows them to have collateral)<sup>16</sup>.

47. The policy framework for affordable housing brought some key features that contributed to greater effectiveness of the program. Availability of a stock of affordable housing was guaranteed to beneficiaries, ensuring access to the actual housing – a key difference with previous practices. Other best practices are the shortening of the time to receive the construction of new housing, thanks to good construction management and availability of national budget resources. The participation of the fiduciary institution contributed to getting timely results, contributing to a more agile project implementation.

48. Through the DPL, the Bank accompanied the Government during the implementation of these programs, providing analysis and technical assistance for the preparation of another related sectorial project (known as *Macroyectos*).

### **Policy Area III – Institutional Strengthening and Regional Coordination**

49. The objective of increasing intra-jurisdictional coordination in planning and investment between municipalities and across levels of government (through fiscal incentives and coordination instruments) was substantially met through the piloting and

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<sup>13</sup> Housing construction started in 2012 and official home ownership for these most vulnerable and poor households started in late 2013. This is the main reason for low target number for this indicator in June 2013. Data provided by MVCT September 2016.

<sup>14</sup> This program offers mortgage interest rates subsidy. It offers interest rate subsidies on home loans for families earning up to twice the minimum wage (around US\$275 per month). In addition to cash subsidies, the government makes up the difference to reduce the borrower's effective interest rate by 5 points, reducing the interest payments made by the borrower over the lifetime of the loan. This program promotes home ownership. Data provided by MVCT September 2016.

<sup>15</sup> *Mi Casa Ya* is targeted to households earning two to four times the minimum wage. Data provided by MVCT September 2016.

<sup>16</sup> The Government and the financial system worked closely to increase access to credit to low-income families in the context of the housing programs, including a system of guarantees to enable this result.



consolidation of the *Contratos Plan*, with minor shortcomings. By December 2015 (September 2016) a total of 7 *Contratos Plan* had been signed with 9 Departments (Santander, Arauca, Boyacá, Norte del Cauca, Sur del Tolima, Nariño and Atrato Gran Darien, which included Choco, Antioquia and Cordoba). During 2015 and 2016 the government has been negotiating 8 additional CPs with the departments of Valle, Norte de Santander, Putumayo, Montes de Maria, La Guajira, Cesar, Huila and Amazonas. The negotiations were at different stages, expecting to sign these within the next year. Negotiations on three of the CPs were slowed down due to the changes in government in the last quarter of 2015.

50. The Government created the *Contratos Plan* in 2012, within the framework of the NDP 2010-2014 and the *Ley de Desarrollo Territorial 2011*. The CP is a planning instrument to coordinate investment across the different levels of government. In 2013 the DNP signed the first seven pilots with nine Departments mentioned above<sup>17</sup>.

51. The main lessons of the pilot CPs were: (i) the need to strengthen the CP as a planning instrument, building the capacity to monitor the content and commitments agreed to in the CP; (ii) strengthen the organization of the teams involved in the implementation of the CP, through a detailed definition of roles and responsibilities; (iii) the need to address the issue of the responsibilities/commitments attributed to the sectors in the CP, which were not possible to demand compliance to the sectors at any territorial level. The pilots tried to change the traditional territorial policy but without an articulation with the sectors; (iv) the need to define other and additional sources of funds for the CPs; and (v) the need to enable a horizontal articulation among regions. Traditionally, the administrative unit is the department and there were limits to the possibilities of investment in another department.

52. In 2014 the CP was strengthened as a planning instrument, based on the lessons of the pilot phase, through a CONPES 3822 and the elements on CP were included in the NDP 2014-18 (articles 198, 199). The main changes were: (i) a clearer definition of roles and responsibility among different actors; (ii) the creation of a regional fund for the CP (*Fondo Regional de Contratos Plan*). This fund allowed for better coordination and monitoring of funds, as well as overcoming bureaucratic barriers; and (iii) the development of an internal M&E system –SAGA – to monitor projects within the CPs. By program completion the DNP was working on articulating SAGA with other government information systems. The system includes indicators on results and process.

53. In 2015, in order to strengthen the CP, each CP is negotiated through a CONPES, providing a stronger backing to the commitments agreed to by the participating actors from the different levels of Government. This has reinforced the commitment from the national government, ensuring that the sector commitments will be follow up and it has incorporated the technical analysis, integral part of the CONPES as an instrument. This has meant a strong backing for planning, coordination and articulation of investment in the medium and long term.

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<sup>17</sup> The national government, represented by DNP, negotiated with governors and seldom with majors at municipality level.

54. The Bank supported these efforts to strengthen regional coordination and cooperation among different levels of government, as part of the support provided under the preparation and implementation of the SoC. The Bank provided technical advice on inter-institutional coordination, accompanied these reforms efforts looking at the territories as a whole,

#### **Policy Area IV–Urban Connectivity and Regional Infrastructure Policy Framework**

55. The objectives of: (i) increasing the economic efficiency of the urban system (by improving the logistics-based connectivity between Colombian cities and external markets); and (ii) strengthening the framework for structuring of PPPs for urban and regional infrastructures were substantially achieved, with minor shortcomings, measured by the outcome indicators proposed in the results framework.

56. The Government succeeded in establishing an institutional and legal policy framework, which directly contributed to the achievement of the policy area objectives. Establishing the National Infrastructure Agency (*Agencia Nacional de Infraestructura – ANI*) by Decree 4165/2011 contributed to increasing economic efficiency<sup>18</sup> of the urban/infrastructure system.<sup>19</sup> The ANI, resulting from the transformation of the INCO, was created as an organization, organized vice-presidencies, working in a coordinated manner for decision-making. The agency, under the umbrella of the MoT, receives a budget that allows it to perform the tasks it was created for. It is a strong institution, well respected and credible. It is transparent: the bids are open, the projects are socialized and it publishes significant amount of information in its webpage. It is well-staffed institution, remunerating its staff with salaries that are encouraging retention. The ANI has improved the performance and results of the infrastructure projects from previous generations of concessions (1-3). It has reduced debt levels and improved the annual rhythm of construction (from 60 km/year in 2010 to 120 km/year 2015). It has been responsible for carrying out the fourth generation of infrastructure concession projects (4G). The ANI has been successful in structuring and closing the financing packages for the three waves of these projects, with the responsibility of managing those in the future.

57. The objective of strengthening the framework for the structuring and financing of the public-private partnerships (PPPs) for urban and regional infrastructure was achieved with: (i) the approval of the Law 1508/2012 and (ii) the approval in 2013 of CONPES 3760 to provide the framework for the fourth generation of concessions. The target of PPPs structured with signed contracts and financing frameworks under the 4G program was surpassed, with a total of 11 PPPs approved (versus a target of eight PPPs by December 2015). Within the 4G, there were nine PPPs of pilots and first wave; 11 PPPs of second wave and two in the third wave, which are under structuration. There are nine

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<sup>18</sup> The ANI resulted from the transformation of the INCO into a new agency in charge of structuring regional infrastructure concessions in 2011\_

<sup>19</sup> The indicator initially proposed was surpassed (kms of principal road network under integral maintenance agreements), reaching close to 930 kms of principal roads under integral maintenance agreements by June 2016. Ask if it is integral maintenance and if the same amount of kms were achieved by December 2015.

PPPs coming from private initiative, all of them assigned, except for one (see Annex 8 for a list of PPPs).

58. This institutional and legal framework has contributed to: reducing the cost of renegotiations; reducing the length of the contracts; pay for good performance (provision of a service and maintenance, when the product is ready and the service available; it has fostered investment in mature projects (studies, risk analysis, socio-economic evaluation of the projects and analysis of the contractual modalities). The Law has increased the capacity of the country to carry out more PPPs, in a context of high investment needs. The law has fostered the trust of private companies, who have participated in a larger number in PPPs. Structuring time is longer but it has contributed to reduce over-costs (in a 15 to 50 percent range).

59. The Bank supported the Government along different stages of the policy reform process. The DPLs, together with technical assistance and convening services, supported the formulation and implementation of the fourth generation of road concessions. The Bank supported the legal and institutional reforms. It provided supports for project structuring, financing and bidding process of these 4G infrastructure projects.

60. There was limited progress towards strengthening the Government capacity for planning and regulation in the Transport sector. The Government passed legislation establishing the Transport Infrastructure Planning Unit (TPU) and the Infrastructure and Transport Regulatory Commission (TRC). The TPU will be responsible for planning the infrastructure for the transport sector, establishing a long term and flexible enough framework adequate for the needs of the sector. The TRC will be responsible for economic and technical regulation of the sector, leaving aside political pressures. This institutional architecture focused the MoT on public policy and defining the priority investments for the government period. The norms and requirements for both institutions to work have been approved, but they were not fully operational by program completion, while the operational areas had been defined, as there was not budget allocated to either one of them to have enabled them to start working. The Bank accompanied the Government during the institutional strengthening and policy reform process, bringing expertise and knowledge on arrangements and best practices around the world.

### **3.3 Justification of Overall Outcome Rating**

**Rating:** *Satisfactory*

61. The overall outcome rating is considered *satisfactory*, reflecting the high relevance of objectives, substantial relevance of design and high relevance of implementation and the substantial achievement of the program development objective of supporting the strengthening of the Government's policy framework on productive, sustainable and inclusive cities. The program supported significant policy and regulatory reforms, achieving results as defined in the results matrix, in particular in increasing access to affordable housing and basic services for the poorest population. It achieved results in creating the institutional framework to increase inter-urban connectivity with the establishment of ANI and the successful structuring of infrastructure projects of fourth generation under an improved legislation framework. There was slower progress in

areas related to fully adopting institutional changes for the transportation sector and implementing measures under the umbrella of the municipalities. Overall, there was significant progress in all of the policy areas, which is meaningful given the three-year life of the program.

### **3.4 Overarching Themes, Other Outcomes and Impacts**

#### **(a) Poverty Impacts, Gender Aspects, and Social Development**

62. The DPLs contributed to reducing poverty through the implementation of the affordable housing programs for poor households. Since 2012, Colombia has implemented a differentiated housing policy, providing different subsidies to households with different degree of vulnerability. Overall, the MVCT programs provided affordable housing to around 100,000 households. The programs contributed to closing the gap between the need and available stock of affordable housing. For the poorest households, access to housing has meant more than an improvement in their quality of living but access to the financial system, providing them with collateral. In terms of affordable housing: the MVCT has worked with other institutions to create health and education centers in areas of new housing construction to provide support to these low-income families. The 2012 housing law<sup>20</sup> stated that the government would provide support to improve the living conditions and improve the quality of the new housing areas. The National Education Service (SENA) trains families benefiting from the program to improve their employability.

63. Evaluation of connections to water and sanitation: the DNP evaluation (see Annex 6) showed the program was directly responsible for the reduction of diarrhea cases in children under five and youth under 18. The reduction in children under 5 is estimated at 33.9 percent and 1.57 percent in youth. It calculated the direct benefits to families from lower morbidity costs (no transportation costs, costs of medical visits, etc.). Together with direct benefits, there are indirect benefits derived from the opportunity costs avoided by not having diarrhea. Several of the impacts cannot be quantified: improved psycho-social health and wellbeing for the families; greater security for women within their household. This has an impact on the wellbeing of all family members. The program had an impact in improving the hygiene habits of beneficiaries, improving family practices (bathing without clothes, deeper cleaning, washing hands more frequently,

64. Impacts of the 4G PPPs: ANI preliminary data shows that 4G PPP projects are bringing human development to the areas where the infrastructure construction is taking place. Through these projects, the population around the construction areas is receiving training that enables them to get employed. As shown in a map of the 4G projects included in Annex 8, these are taking place throughout the country. The annex includes estimated employment figures provided by ANI.

65. The institutional development in transportation is expected to bring benefits to citizens in the near future, through: increased road safety, improvements in travel demand

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<sup>20</sup> Law 1537, 2012.

management and public transportation and air quality. These benefits were yet not measurable by program completion, given the implementation timeframe.

#### **(b) Institutional Change/Strengthening**

66. The creation of ANI has brought institutional strengthening to the preparation and management of national infrastructure projects, as mentioned in section 3.3. The 4G PPPs have contributed to strengthening the financial system<sup>21</sup>. The strengthened framework for the PPPs (with the Law 1508 and the CONPES 3760) has meant a strengthening of the construction companies, in particular, middle size construction companies, participating in 4G projects. Their corporate governance and their enterprise practices have strengthened as a result of the focus on results, performance and transparency introduced by the 4G regulations.

#### **(c) Other Unintended Outcomes and Impacts**

67. The water and sanitation connections program attracted financing from alternative public resources (such as AECI for Cartagena). The MVCT led these projects, through the Vice Ministry of Water and Sanitation. It provided technical assistance to those districts implementing the projects, with private financiers' support. In Valledupar, the private sector provided resources as a subsidy to complete works inside the houses.

### **3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

N.A.

## **4. Assessment of Risk to Development Outcome**

Ratings: *Moderate*

68. The risk to the development outcome is considered moderate due to the following reasons:

- The strong government commitment to the PDO;
- The relevance of the PDO and the outcomes achieved;
- The emphasis the Government places on affordable housing, one of the top priorities of the Vice-President since 2015;
- The provision of technical assistance to cities to revise their territorial plans, which will serve as the framework to tackle the transportation issues, among others;
- The technical assistance provided by the Bank and other IFIs to support the ongoing work on the SoCs.

69. The main challenges stem from: (i) budgetary constraints that might affect the availability of resources for social housing, subsidies and infrastructure projects; (ii) the

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<sup>21</sup> The *Financiera de Desarrollo Nacional* (FDN) was created in 2011 as a national bank for the development of infrastructure. This is a key piece of the financial sector strengthening, to finance infrastructure projects.

delays in having fully functioning CRT and UPT, for the planning and regulatory roles they must fulfill. These are key for the institutional strengthening of the transportation sector; and (iii) the intense work at local/municipal level with civil society to garner support to implement travel demand schemes.

## **5. Assessment of Bank and Borrower Performance**

### **5.1 Bank Performance**

#### **(a) Bank Performance in Ensuring Quality at Entry**

Ratings: *Moderately satisfactory*

70. The Bank's performance is deemed moderately satisfactory. The main positive reasons are: (i) the sound and relevant sector analysis, closely discussed and coordinated with the Government; (ii) the composition and level of the preparation team; and (iii) the dialogue and flexibility to identify together with the Government the policy actions and to adjust them during the life of the program, when designing the second phase, to reflect progress, changes and opportunities.

71. Overall, the Bank adequately assessed the risks associated with the DPLs and considering mitigation measures. The team included a thorough analysis of environmental and social risks linked to transportation schemes, infrastructure projects and social housing programs. Nevertheless, the time it would take to implement some of these regulatory changes was underestimated. The Results Matrix was well designed, linking the PDO to the policy actions and then to results indicators. Some indicators were not under the direct control of the national Government and some targets turned out to be overly ambitious and their achievement took longer than estimated, as explained in section 2.3.

#### **(b) Quality of Supervision**

Ratings: *Satisfactory*

72. There was solid coordination between the two Bank teams during implementation. They showed flexibility and successfully worked as a team. An urban specialist led the first and a transport specialist led the follow up. This was the agreement reached at preparation and the teams respected it during implementation. There was also good coordination and understanding with the national team at the DNP. Towards the end of the program's implementation, the Bank worked closely with the sub-Directorate of Public Credit, which was coordinating IFI support, to assess the progress of the program and reflect on the use of the DPL to support urban and transportation sectors. Supervision of the DPL I was carried out while preparing the DPL II. Regarding M&E arrangements, the Bank regularly monitored the program indicators to assess the program's progress towards the PDO.

#### **(c) Justification of Rating for Overall Bank Performance**

Ratings: *Satisfactory*

73. The Bank's performance is rated as satisfactory based on the Bank's sound analysis and close collaboration with the Government during preparation; and on the support to Government throughout the program's implementation, seeking to provide resources for technical assistance to support the sector ministries' implementation and monitoring of the program. A minor shortcoming was underestimating the time required to implement some of the reforms and regulatory changes at decentralized level.

## **5.2 Borrower Performance**

### **(a) Government Performance**

Ratings: *Moderately satisfactory*

74. **Government ownership and commitment at national level were strong** during preparation and during the life of the program. Strong ownership translated to a program design consistent with the Government's national development strategy. The Government worked closely with the Bank to design a programmatic development operation that was reflective of the national vision and the Bank sector work. The cooperation between the Government and the Bank was fruitful, resulting in the use of the DPL instrument to support sector efforts. The Government commitment ensured the timely fulfillment of the prior actions. The Government also worked closely with the Bank to adapt the second DPL prior actions and indicators to reflect the evolution of the Government's priorities. The results framework was revised to better assess the achievement of the PDO.

75. The Government could have put additional efforts into completing the institutional strengthening of the transportation sector before program completion. The Government was optimistic regarding the time it would take to make progress on some of the indicators. As mentioned in section 2.2, actions led by local governments were influenced by political cycles and by the need to take into account the diverse interests and priorities of stakeholders at municipal level. As was the case for the Bank, the choice of targets for outcome indicators was not realistic in some cases, since they were not under the control of the national Government, hence making it difficult to achieve targets within the program's implementation timeframe.

### **(b) Implementing Agency or Agencies Performance**

Ratings: *Satisfactory*

76. The DNP worked closely with the Bank and the sector ministries to prepare the program and later to monitor the results indicators. As the technical arm of the Council of Ministers, the DNP followed up on the progress to implement the policy framework established through the approval of legislation to achieve the PDO. In particular, it monitored the progress of the results framework indicators, coordinating with the MoT and the MVCT. The DNP played a central role in monitoring the action plan and its progress indicators in the SoC CONPES, as the key policy document framing the development of sustainable, inclusive and productive cities.

77. The MVCT carried out the programs relevant to the DPLs in a satisfactory manner. Both Vice-Ministries of Water and Housing implemented the programs in a timely matter, achieving the targets set in the DPLs. The MVCT carried out surveys of

beneficiaries to capture their feedback related to access to affordable housing, as part of its regular operations. In collaboration with the DNP, it contributed to carrying out an evaluation of the connections to water and sanitation program, to assess the impact, costs and benefits of this investment.

78. The MoT placed efforts to make progress on issues of traffic safety and travel demand management schemes, providing support to municipalities so these could design options and implement them. The MoT attempt to initiate the work of the ASV to the extent possible, within the existing budget and political context. Overall, the MoT approved in a timely manner the regulation to allow the municipalities to develop transport solutions for cities.

79. The ANI carried out its responsibilities in a satisfactory manner. Its work to structure the 4G of PPPs was satisfactory, demonstrating leadership and technical capacity to put together these investment infrastructure contracts. The ANI showed positive results in addressing the pending challenges of the previous three generations of PPPs.

#### **(c) Justification of Rating for Overall Borrower Performance**

Ratings: *Satisfactory*

80. The Borrower performance is considered satisfactory based on the Government commitment, ownership and leadership throughout preparation and implementation. Further efforts could have been done in institutional strengthening of the transportation sector and in assessing the institutional capacity and political factors regarding the decentralized level.

### **6. Lessons Learned**

81. **Development programmatic financing can support key national policies.** The use of programmatic financing for the urban and transportation sector was innovative. It brought high-level dialogue between the Government and the Bank, focused on key national sector policies, rather than around a group of investment activities. The urban and transportation technical sector work helped to create momentum for this programmatic financing in support of the country's urban policy. The DPLs were used as a tool to support a government program and the approval of prior actions that were crucial for setting the policy and institutional framework for reforms and development. These DPLs benefited from strong analytical underpinnings: the Urbanization Review, the Government and Bank's work in *Misión para el fortalecimiento del Sistema de Ciudades de Colombia* policy initiative and the Bank's analytical work under the Productive and Sustainable Programmatic Knowledge Services, that supported the technical underpinnings of most of the policy reforms. The design benefited from abundant consultations with the government, achieving a confluence of visions.

82. **Collaboration among sectors should be fostered through incentives.** Introducing incentives to promote collaboration between different sectors of the Bank can



greatly contribute to successfully develop programmatic financing. This is important especially around high-level policy dialogue with the Government. Besides the strong analytical underpinnings, considering incentives for collaboration between sector teams can foster dialogue and benefit programmatic financing. In the case of these DPLs, the collaboration between the transport and urban teams was fruitful for the country and for the Bank. By working together rather than following separate sector approaches, the teams supported the Government's vision for developing sustainable, inclusive and productive cities, resulting in a pioneer multi-sectoral program for urban and transportation. The Bank supported the country's innovative efforts in introducing a territorial approach in its NDP. The close collaboration among Bank teams and with the Government enabled this approach to achieve the country's development objectives.

**83. Importance of explicitly differentiating the timeframes for achievement of medium term program outcomes and achievable results attributed to the DPL.**

When preparing a DPL, there is tension between identifying concrete achievements to measure the programs results and defining what can be attributed to the DPL itself within the DPL timeframe. A government program supported by Bank programmatic financing will have medium term program targets that will be difficult to achieve within the relatively shorter duration of a DPL. This presents a challenge to attribute results to the operation. Besides, the government may decide where to place greater emphasis during the implementation of its policies, greatly influencing the short and medium term results. When preparing a DPL, the teams could consider preparing a results matrix that differentiate results that may realistically be attributed to the DPL with its timeframe, measurable program results over the medium term and focus on ensuring that attributable DPL results are geared towards the medium term set program outcomes.

**84. Introducing incentives for different levels of government may foster implementation of policy measures.** During DPL design, it is important to acknowledge the implications of involving different levels of government in policy measures' design and implementation. In the case of these DPLs, the local level was responsible for the implementation of measures in several areas. This required longer time to carry out consensus building, to receive training or to manage the best timing, within their socio-economic and political context, to move forward with a measure. Program design should consider including incentives for relevant actors to positively influence the achievement of results. Introducing considerations such as institutional capacity, need for additional time to build consensus, in the assessment of risks and mitigating measures and in the time horizon for achieving results will benefit the program assessment, once completed.

## **7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

### **(a) Borrower/Implementing agencies**

The Government provided comments that have been incorporated into the ICR.

### **(b) Cofinanciers**

N/A

### **(c) Other partners and stakeholders)**

N/A

## Annex 1 Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

Names	Title	Unit
<b>Lending</b>		
Taimur Smad	Task Manager-Senior Urban Specialist	LCSDU
Shomik Raj Mehndiratta	Lead Urban Transport Specialist	LCSTR
Angelica Nunez del Campo	Senior Urban Specialist	LCSDU
Nancy Lozano-Gracia	Economist	FEUUR
Alexandra Panman	JPA	LCSDU
Mauricio Cuellar	Senior Transport Specialist	LCSTR
Camila Rodriguez	Infrastructure Specialist	LCSTR
Ana Campos	Senior Disaster Management Specialist	LCSDU
Diana Rubiano	Disaster Management Specialist	LCSDU
Erik Dikson	Urban Economist	LCSDU
Alejandro Rodriguez	Consultant	LCSDU
Juliana Gomez Arango	Consultant	LCSEN
Joao Pedro Acevedo	Senior Economist	LCSPP
Carlos Rodriguez Castelan	Economist	LCSPP
Viviane Sanfelice	JPA	LCSPP
Carlos Alberto Castaneda	Consultant	LCSPP
Carlos Alberto Molina Prieto	Social Specialist	LCSSO
Bernardette Bairds-Zards	Consultant	LCSDU
Rodrigo Serrano-Berthet	Senior Social Development Specialist	LCSSO
Juan Belausteguigoitia	Lead Environmental Economist	LCSEN
Pedro Arizti	Senior Public Sector Specialist	LCSPS
Margarita Puerto Gomez	Consultant	LCSSO
Greg Bowder	Lead Water and Sanitation Specialist	LCSWS
Carlos Uribe	Water and Sanitation Engineer-Consultant	LCSWS
Monica Ospina	Consultant	LCSDU
Lars Christian Moller	Senior Economist	LCSPE
Xiomara Morel	Lead Financial Management Specialist	LCSFM
Jeannette Estupiñan	Senior Financial Management Specialist	LCSFM
Victor Ordonez	Finance Officer	CTRLN
German Galindo	JPA	LSCPE
Karina Kashiwamoto	Program Assistant	LCCIC
<b>Supervision</b>		
Angelica Nunez del Campo	TTL Senior Urban Development Specialist	GURDR
Jose Luis Acero	Urban Development Specialist	GURDR
Monica McDonough	Urban Development Analyst	GURDR
Jeannette Estupiñan	Senior Financial Management Specialist	GGODR
Elsa Coy	Program Assistant	LCCCO
Karina Kashiwamoto	Language Program Assistant	LCCIC

Names	Title	Unit
<b>Lending</b>		
Camila Rodríguez	Senior Infrastructure Specialist	GTIDR
Angélica Núñez del Campo	Senior Urban Development Specialist	GURDR
Shomik Raj Mehndiratta	Lead Urban Transport Specialist	GTIDR
Mauricio Cuellar	Senior Transport Specialist	GTIDR
Carlos Rodriguez	Economist	GPVDR
Barbara Cunha	Senior Economist	GMFDR
Daniel Pulido	Infrastructure Specialist	GTIDR
Fabio Hirschhorn	Infrastructure Specialist	GTIDR
Carlos Vargas	Environmental Specialist	GENDR
Carlos Molina	Social Specialist	GURDR
Jeannette Estupiñan	Senior Financial Management Specialist	GGODR
Víctor Ordoñez	Senior Financial Officer	CTRLN
Leonardo Canon Rubiano	Transport Specialist	GTIDR
José Luis Acero	Urban Specialist	GURDR
Maye Rueda	Team Assistant	LCCCO
Catalina Barjun	Program Assistant	LCCCO
<b>Supervision</b>		
Catalina Marulanda	Lead Specialist Urban Development	GSU10
Camila Rodriguez	Senior Infrastructure Specialist	GTI04
Angelica Nunez del Campo	Senior Urban Development Specialist	GSU10
Jose Luis Acero	Urban Development Specialist	GSU10
Vanessa Velasco	Urban Development Specialist	GSU10
Claudia Lopez	Operations Analyst	GTI04
Elsa Coy	Programing Assistant	LCCCCO
Monica Tambucho	Senior Finance Officer	WFALA

**(b) Staff Time and Cost**

**DPL I – P130972**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
<b>Lending</b>		
<b>FY 2012</b>	4.35	76,410.20
<b>FY2013</b>	33.82	156,472.98
<b>Total</b>	<b>38.17</b>	<b>232,883.18</b>
<b>Supervision/ICR</b>		
<b>FY2013</b>	3.73	32,063.48
<b>FY2014</b>	0.60	2,547.72
<b>Total</b>	<b>4.33</b>	<b>34,611.20</b>

**DPL II – P145766**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
<b>Lending</b>		
<b>FY2014</b>	47.84	194,581.49
<b>FY2015</b>	28.96	110,445.88
<b>Total</b>	<b>76.80</b>	<b>305,027.37</b>
<b>Supervision/ICR</b>		
<b>FY2015</b>	0.60	4,382.33
<b>FY2016</b>	17.74	80,739.73
<b>Total</b>	<b>18.34</b>	<b>85,122.06</b>

**Annex 2. Beneficiary Survey Results**  
N/A

**Annex 3. Stakeholder Workshop Report and Results**  
N/A

#### **Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR**

The national policy on sustainable and productive cities is defined by the urbanization guidelines and the System of Cities (SoC), and the National Development Plan (NDP). The NDP highlighted the importance of formulating a long-term policy to consolidate a System of Cities that enables taking advantage of the benefits of urbanization while aiming to increase regional integration.

This framework contains options to address the challenges associated with the SoC, presenting a vision that encompasses sustainability, green growth, physical and digital connectivity, productivity, quality of life and equity, adequate and efficient financing, coordination and governance.

The national policy aims to increase the efficiency and productivity of the SoC, to enhance Colombia's potential to become a more robust economy, increase its capacity to offer basic services, reduce poverty and improve the equality of life.

Within this framework, the Government has reached the following keys achievements during the past few years:

##### **Ministry of Housing (MVCT)**

The Government has implemented, through the MVCT, several programs aimed at increasing access to quality affordable housing. Two of them were the Social Housing Program (PVG - Programa de Vivienda Gratuita) and the Program for Saving Families (VIPA). The PVG succeeded in providing access to free housing to the most vulnerable families in Colombia. Private-public collaboration was crucial in achieving this result: municipalities provided land for social housing and the private sector carried out the construction activities.

The policy to increase access to affordable housing set as target to hand 100,000 houses during the first phase and 30,000 during the second phase. The goal was to reduce the deficit of affordable housing stock and to contribute to reducing extreme poverty. The first phase target was met, while a total of 4,269 houses have been completed during the second phase. By August 10, 2016, a total of 89,076 families living in conditions of vulnerability, had received a home. The remaining houses were still under construction. Around 64.6 percent of beneficiaries are families displaced by violence; 19.06 percent are extremely poor and 16.3 percent are families affected by natural disasters.

The VIPA program aimed at increasing access to affordable housing for low-income families with saving capacity. It provided support to low-income households, enabling them to achieve financial closing by providing subsidy and interest rate coverage. This complemented family savings and home mortgages. Beneficiaries were families with two legal minimum salaries, aiming to buy a house equivalent to seventy legal minimum

salaries. The families had to show savings equivalent to a range of 2 to 5 percent of the house value.

The program aimed to benefit a total of 77,000 households between 2014-2016. In 2014, a total of 55,894 houses were under construction (equivalent to 149 projects, with a potential to provide 70,426 housing possibilities). By September 9, 2016, 50,320 had been assigned through the Fondo Nacional de Vivienda (FONVIVIENDA) and the family compensatory funds (cajas de compensación familiar). The remaining ones are under construction or pending financial closing. A total of 67 municipalities in 22 departments benefited from this program.

Besides contributing to the financial closing in buying a house, this program brought additional benefits such as enabling households with formal and informal incomes access to the financial system. Previously, low-income families were unable to access credit due to their low paying capacity. The national government, through subsidies and interest rates support, contributed to reverse this situation, improving their payment capacity and access to credit.

### **Ministry of Transportation (MoT)**

One of the main achievements has been the approval by the MoT of the National Plan for Road Safety 2011-2016 with the objective of improving urban and inter-urban road safety. The MoT has approved regulation to enable municipalities with population greater than 300,000 inhabitants to introduce charges for the use of urban areas with high levels of congestion and pollution, with the objective of improving public transportation. The MoT has adopted a technical standard for the electronic identification of vehicles, through a radiofrequency system.

The regulation has empowered the territories in Colombia, giving them the authority to implement travel demand management measures and to organize in-city transportation. Given the impact of such measures on the citizens' economy, the political factors have been highly relevant, creating difficulties to implement mechanisms to charge for parking or congestion. The national Government has taken action to strengthen the territories and to give impulse to the implementation of measures to reduce the use of vehicles and to foster active mobility.

In order to encourage the use of non-motorized means of transportation and foster the implementation of travel demand management measures, the national government has made progress in formulating the NAMA Tan Dem (Nationally Appropriate Mitigation Actions on active transportation and travel demand management) with support from USAID and the German Cooperation Agency (GIZ), to promote models of sustainable, compact, coordinated and connected cities.

The MoT elaborated a "Guide for Cycle-Infrastructure for Colombian Cities", which provides guidance for the design and implementation of infrastructure for bicycle users in the country.



Regarding the Electronic Vehicular Identification Systems (REV in Spanish), it is important to highlight that the seven cities implementing Integrated Mass Transportation Systems (SITM in Spanish) at the moment, have adopted centralized payment systems based on electronic payment, using smart cards without contact (tarjetas inteligentes sin contacto –TISC) and a Fleet Management and Control System as a verification and monitoring tool, which allows the location of vehicles and eases fleet management. The Strategic Systems of Public Transportation (SETP in Spanish), which are being structured at the moment, are incorporating the technical, technological and financial elements mentioned above. Pasto is the first municipality to use the system in a number of vehicles, managed by a control team, launched at the end of 2015.

Law 1450 (Article 84) defined in 2011 the Smart Transportation Systems (SIT, in Spanish) as a set of technological, IT and telecommunication solutions that gather, store, process and distribute information, designed to improve the operation, management and security of transportation and transit. According to the NDP 2014-2018, the National Government, through the MoT, is responsible for the national policy to plan, structure, regulate and implement the SITs.

Accordingly, in 2015, the Government issued Decree 2060 to operationalize the SITs. The norm highlights the need to implement a National Smart System for Infrastructure, Transit and Transportation (SINITT in Spanish), managed by the MoT, to centralize information and guarantee the inter-operability of the SINITT sub-systems. The decree establishes the MoT as the SIT regulator and authority responsible for formulating the national policy for SIT, issuing regulation on the systems' operation and implementation.

The Electronic Vehicular Payment Systems have been used for electronic tolls. These are being included in the fourth generation of concession infrastructure projects 4G, in accordance with CONPES 3760. These systems are being used in non-concession infrastructure projects lead by INVIAS, as well. This shows steady progress in implementing SITs at national level. Given the complexity of the SITs, it is important that the MoT carries out a careful and detailed design, to ensure the inter-operability of systems across the country. The MoT has included the REV in the norm ISO 14813-1, which includes electronic tolls, among other areas.

In 2015 the Government issued the public policy (Resolución 4303-2015) on the inter-operability of electronic tolls with electronic payment systems. The regulation included a technical annex defining the characteristics of the SIT for electronic payment system known as SIGT (Sistema de Gestión de Transacciones de REV). The regulation was shared and discussed with key sector actors (technology providers, toll operators, concession managers, supervisors, ANI, INVIAS, SUPERTRANSPORTE and National Police Transit and Transportation Department – DITRA, among others).

The MoT successfully regulated the inter-operability system for toll roads with electronic payment system. The electronic payment system can be used by other SIT services. Thus, the MoT is working at present to articulate that system for parking and gas stations. The

MoT is working on massively expanding an element inside vehicles (TAG RFID – etiqueta de radio frecuencia), which allows completing the transaction for other services, commonly used by citizens.

The national Government has been pursuing several initiatives to promote growth, based on the guidance of the NDP 2014-2018, consistently seeking to incorporate SIT across different economic sectors. Based on this guidance, the MoT and the transportation sector have been working on guidelines to expand the use of SIT, in particular in the areas of infrastructure, transit and transportation. The MoT and the sector require resources to continue strengthening the SIT initiative in the country.

The legal infrastructure framework was strengthened: the anticorruption law approved penalizes unduly structuring projects and establishes a rigorous regime of responsibilities and obligations for supervisors (interventores) and defines reasons for disqualification. The approved PPP law creates a new remuneration system, based on the actual completion of works and introduces incentives to encourage the private sector initiative on infrastructure projects; and the infrastructure law sets clear procedures for the anticipated release of land.

### **National Infrastructure Agency**

The measures above resulted in a significant institutional strengthening and the creation of the National Infrastructure Agency (ANI, in Spanish), under the umbrella of the MoT. The ANI has a status that permits the agency to hire well trained professional profiles, to remunerate them well, to hire more staff in order to handle projects under its responsibility. The agency has a sound organizational structure, based on teamwork and collective decision processes to improve the quality of work and reduce corruption. The ANI has a corporate governance system with independent advisory councils.

The agency defined an ambitious vision to close the national infrastructure gap in all of the means of transportation: roads, airports, railways and ports. It strengthened the capacity to structure projects and the transparency of the bidding processes. The agency took on the responsibility of the concessions in Colombia. It was responsible for addressing the effects of the winter wave in some of the key national corridors. This entailed carrying out a significant investment, to mitigate the impact of the weather and to avoid future damage to existing and under-construction infrastructure from winters to come.

Along these lines, the Government established the Financiera de Desarrollo Nacional (FDN– National Development Financial Institution), a development bank to support the national infrastructure program. This complemented the existing financing mechanisms and instruments, catalyzing the participation of new agents and financing sources.

The ANI reached agreements with Colombia Humanitaria and the Fondo de Adaptación to support the more affected corridors. It re-negotiated contracts with concessionaries to

adapt to the new reality. It defined new technical and insurance standards for the 4G infrastructure to protect against natural disasters.

The ANI also worked to accelerate the execution of the concession infrastructure projects under construction. It defined a vision and a long-term clear strategy defining goals and monitoring management. It developed systems and information tools to do a close and efficient monitoring of the projects. It strengthened the institutional capacity to manage construction contracts, ensuring the quality and suitability of the supervisors (interventores). The agency re-negotiated the contracts under execution to accelerate the rhythm of construction and address irregularities identified by auditors and by ANI, with support from the Procuraduría (public prosecutor).

As part of this new framework, new mechanisms were created, such the protocol for previous consultations, in order to avoid delays and to guarantee the right of communities to participate in the process. The procedural rules were revised to avoid unnecessary delays while guaranteeing the standards of the procedures.

Once the ANI was established, it tackled the challenge of defining an ambitious plan to identify infrastructure projects to modernize the country's infrastructure, through the construction of roads, bridges and tunnels to connect the different regions in the country. The agency took on the rehabilitation of specific road corridors, including its operation and maintenance. These are known as the 4G projects.

In order to define the 4G projects, ANI structured the program in six groups, investing over two hundred thousand million pesos (US\$66 billion equivalent), making efforts to avoid the weaknesses of past processes. A new bidding process was developed, which included better-aligned incentives and clear procedural rules. Intense advertising was carried out to attract companies with relevant international experience in new financing mechanisms and in execution of concessions, to develop and structure the 4G projects.

ANI absorbed the responsibilities of Aerocivil (Colombia's Civil Aviation) over the airports under concessions. The agency defined the priority work in the main airports of Colombia. ANI identified and carried out the bidding for the railroad between La Tebaida-Buenaventura, La Dorada-Chiriguana and Bogota-Belencito. ANI is responsible for the supervision of the concession of seaports, which are grouped in 9 port areas.

Since its establishment, ANI has shown strong management, in a series of sound actions that allowed to carry out decisive actions and to push forward the transport infrastructure in Colombia working through PPPs.

## **Summary**

While governments are concerned by the accelerated pace of urban growth, this brings opportunities, such as taking advantage of the economies of scale towards the provision of quality social and public services. It is more efficient and effective for territorial

entities to develop adequate infrastructure to provide public services, education, health, transportation, etc., to be used in cities, rather than in disperse enclaves.

It is crucial to advance towards consolidating cities that are better planned and more compact; that can take advantage of existing infrastructure; that have efficient transportation systems; that use energy efficiently; that adequately manage solid waste; with excellent public services and that guarantee the security of their citizens.

## **Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders**

N/A

## **Annex 6. List of Supporting Documents**

- Project Appraisal Documents (PADs) for DPL I and DPL II (2012 and 2014)
- Legal Agreements for DPL I and II.
- Aide Memoires (2012-2015 period)
- Minutes from preparation and negotiations meetings
- National Development Plan 2010-2014
- National Development Plan 2014-2018
- Evaluación de Impacto y de Diseño del Programa de Conexiones Intra-domiciliarias del Ministerio de Vivienda, Ciudad y Territorio. Informe de Resultados de la Evaluación y Tercera Entrega de la Documentación de las Bases de Datos. DNP.
- Asociaciones Publico-Privadas – APP en Infraestructura en Colombia. DNP. Agosto 2016.
- CONPES for Prior Actions
- Legislation regarding Prior Actions for both DPLs
- Informe de Resultados del primer año del Plan Nacional de Desarrollo 2014-2018
- *Estudio para elaborar los Estudios, Diseños y Estructuración Técnica, Financiera y Legal del proyecto Cobros por Congestión para la Ciudad de Bogotá* (Secretaría Distrital de Movilidad de Bogotá con la Unión Temporal SDG-PHR-AKIRIS - April 2014).
- *Estudio de Cobros por Congestión para la ciudad de Medellín, Etapa 1*. Secretaría de Movilidad de Medellín and Universidad Nacional - Sede Medellín.

## Annex 7 – Policy and Results Matrix for the DPL I and II

PDO: to support the strengthening of the Government of Colombia's policy Framework on productive, sustainable and inclusive cities.

Medium-term Objective	DPL I Prior Actions	DPL II Indicative triggers	DPL II Prior Actions	Expected Results Indicators
<b>Policy Area 1 – Sustainable and Inclusive Cities</b>				
Establish a multi-sector policy framework that aims to increase the productivity, sustainability and inclusiveness of Colombia's system of cities.	<b>Prior Action 1:</b> The Borrower, through DNP, has created a <u>sub-directorate unit</u> within the DNP responsible for, inter alia, coordinating regional planning and investment, as evidenced by the Borrower's Decree N. 1832 of August 31, 2012, duly published in the Borrower's Official Gazette on August 31, 2012.	<b>Policy Trigger 1:</b> Approve a CONPES national policy document for strengthening the efficiency and sustainability of the Colombian System of Cities	<b>Prior action 1:</b> The Government, through CONPES, approved the National Policy to Strengthen the System of Cities in Colombia, which sets forth an action plan for strengthening, inter alia, the governance, financial management, physical land digital connectivity and economic development of cities.	<b>DPL II indicator 1:</b> The National Development plan 2014-2018 is structured with a territorial/regional approach that takes into account the SoC framework and includes indicators to track progress at regional level
Facilitate improved access to basic services for low income households across Colombian cities	<b>Prior Action 2:</b> The Borrower, through the MVCT, has issued a regulation for the <u>provision of subsidies</u> for households water and sanitation connections for lower income families (strata 1 and 2), as evidenced by the	<b>Policy Trigger 2:</b> Approve CONPES national policy document detailing the creation of a new legal framework for urban transport demand management.  <b>Policy Trigger 3:</b> Approve CONPES national policy		<b>DPL I indicator 1 and DPL II indicator 2:</b> Number of poor households in cities with population greater than 100,000 residents that have connected to neighborhood water and sanitation networks through availing connection subsidy

	<p>Borrower's Decree N. 1350 of June 25, 2012 duly published in the Borrower's Official Gazette on June 25, 2012</p> <p><b>Prior Action 3:</b> The Borrower, through the MT, has adopted its <u>national road safety plan for years 2011-2016</u> to increase urban and inter-urban road safety in its territory, as evidenced by the Borrower's Resolution N. 1282 of March 30, 2012, duly published in the Borrower's Official Gazette on March 30, 2012</p>	document that lays out the National Policy for Integrated Public Transport System.	<p><b>Prior action 2:</b> The Government, through the MT, has issued a regulation allowing its municipalities or districts with population above 300,000 people to establish charges to motorists in connection with the use of urban areas with, inter alia, high traffic congestion and pollution in order to improve public transit.</p> <p><b>Prior action 3:</b> The Government, through MT, has adopted a national technical standard for Electronic Vehicular Identification Systems aimed at collecting data to identify ground transportation vehicles through radiofrequency systems.</p>	<p><b>DPL I indicator 2:</b> Establishment of an institutional and monitoring framework consistent with international good practice to address urban traffic safety issues: Establishment of a National Lead Agency to address road safety under DPL I. <u>Under DPL II as indicative target:</u> establishment of an observatory to maintain and monitor data on urban risks behaviors and completion of the first set of data collection</p> <p><b>DPL II indicator 3:</b> Number of conceptual design or feasibility studies supporting travel demand management policies, including formulation of congestion charging schemes, and-or parking, and-or non-motorized transit, in cities with population greater than 300,000</p>
Increase the environmental efficiency of Colombian	<b>Prior Action 4:</b> The Borrower, through CONPES, has	<b>Policy Trigger 4:</b> Regulate through ministerial decree	<b>Prior action 4:</b> The Government, through the	<b>DPL I indicator 3 and DPL II indicator 4:</b> Increase in



cities with stronger risk management systems and an improved framework for urban redevelopment and the creation of public space.	<p>approved its <u>national public space policy guidelines</u> in order to promote the creation of public spaces in urban areas, as evidenced by the Borrower CONPES document N. 3718 of January 31 2012</p> <p><b>Prior Action 5:</b> The Borrower has created a national urban redevelopment company to support the structuring of urban redevelopment projects, as evidenced by Borrower's Presidential Decree N. 4184 of November 3, 2011, duly published in the Borrower's Official Gazette on November 3 2011</p>	a methodology for identifying municipal inventory of at-risk human settlements.	MVCT, has adopted a standardized methodology to be used by its municipalities and districts to select, collect and consolidate, in a national inventory, information relating to human settlements located in areas prone to landslides and floods	<p>availability of public spaces in cities with population greater than 100,000 residents as measured by square meters of public space per capita</p> <p><b>DPL II indicator 5:</b> Number of municipal inventories of settlements located at high risks areas formulated in accordance with Ministerial Resolution 0448 of July 17, 2014</p>
<b>Policy Area 2 – Access to Affordable Housing</b>				
Increase access to affordable housing for low-income households	<p><b>Prior Action 6:</b> The Borrower has established the <u>legal framework for the provision of public housing</u> to the poorest and most vulnerable households as regulated and evidenced by the Borrower's Law</p>	<p><b>Policy Trigger 5:</b> Approve Ministerial Decree regulating Law 1469 of 2011 to define municipal fiscal responsibilities and benefits involved in implementing National Macroproyectos</p>	<p><b>Prior Action 5:</b> The Government, through MVCT, has established the principles of regulation for the carrying out of the Priority Interest Housing Program for Savers, which is aimed at</p>	<p><b>DPL I indicator 4:</b> Number of low income families with access to affordable and safe housing solutions as a result of 2012 Public Housing law</p> <p><b>DPL II indicator 6:</b> Number of low income families</p>

	N.1537 of June 20, 2012 duly published in the Borrower's Official Gazette on June 20, 2012.	of Social Interest Housing Program Law.	providing different types of subsidies to selected families to facilitate purchase of a house.	with access to affordable and safe housing solutions increases, as a result of the public housing and voluntary savings Programs (VIPA)
<b>Policy Area 3 – Institutional Strengthening and Regional Coordination</b>				
Increase inter-urban and regional coordination on strategic initiatives through the approval of fiscal incentives and coordination instruments	<b>Prior Action 7:</b> The Borrower, through the MT and the DNP, has issued a <u>regulation for the implementation of the <i>Contrato Plan</i></u> , as evidenced by the Borrower's Decree N. 189 of April 25, 2012, duly published in the Borrower's Official Gazette on April 25, 2012.	<b>Policy Trigger 6:</b> Consolidate the municipal governance structure to increase inter-municipal coordination in metropolitan areas through the regulation of the proposed metropolitan areas law.	<b>Prior Action 6:</b> The Government has adopted a legal framework establishing integrated political, administrative and fiscal regulations for the management of its metropolitan areas.	<b>DPL I indicator 5:</b> Number of regional Contract Plans signed between territorial entities with development objectives that benefit lower-income segments  <b>DPL II indicator 7:</b> Number of (i) regional Contract Plans signed between territorial entities; and (ii) number of Metropolitan Territorial Plans increases.
<b>Policy Area 4 – Urban Connectivity and Regional Infrastructure Finance</b>				
Increase economic efficiency of urban systems by improving logistics-based connectivity between Colombian cities and external markets			<b>Prior Action 7:</b> The Government, through MT, has created the Transport Infrastructure Planning Unit and the Infrastructure and Transport Regulatory Commission to the Government's planning and regulatory capabilities in the transport sector.	<b>DPL II –Indicator 8:</b> The Transport Planning Unit and Transport Regulatory Commission are fully operational, as evidenced by the set up of functional areas and hiring of staff.
	<b>Prior action 8:</b>	<b>Policy trigger 7:</b>	<b>Prior Action 8:</b>	<b>DPL I Indicator</b>

	<p>The Borrower, through the MT, has designated a national agency for infrastructure to structure regional infrastructure concessions as evidenced by the Borrower's Decree 4165 of November 3, 2011, duly published in the Borrower's Official Gazette on November 3, 2011.</p>	<p>Approve CONPES national policy document that articulates a national policy on management contracts for the national road system (CREMA)</p>	<p>The Government, through CONPES, has approved guidelines to develop a program to regulate its fourth generation of road concessions, which program is aimed at improving the existing national road network.</p>	<p><b>6:</b> Kilometers of principal road network under integral maintenance contracts.</p>
<p>Strengthen the framework for the structuring of PPPs for urban and regional infrastructure</p>	<p><b>Prior action 9:</b> The Borrower has established the <u>legal framework</u> for the structuring and financing of the public-private partnerships, as evidenced by the Borrower's Law 1508 of January 10, 2012, duly published in the Borrower's Official Gazette on January 10, 2012.</p>	<p><b>Policy trigger 8:</b> Approve a ministerial Decree regulating the PPP Law to provide a framework of guidelines for PPP structuring financing and management.</p>		<p><b>DPL I - Indicator 7:</b> Number of urban PPPs structured. <b>DPL II – Indicator 9</b> Number of urban PPPs structured, with signed contracts and financing frameworks in place, under the 4G program.</p>

## Annex 8 -Transportation Public-Private Partnerships: List of 4G Projects and Map.

### List of PPPs 4G

First wave 4G	Status	Financial Packages (Cierre Financiero Acreditado)
<b>Pilots</b>		
Girardot-Honda-Puerto Salgar	Contract awarded	Completed
Mulaló-Loboguerrero	Contract awarded	Completed
Perimetral e Oriente de Cundinamarca	Contract awarded	Completed
Cartagena –Barranquilla, Circunvalar de la Prosperidad	Contract awarded	Completed
<b>Group I – Highways for Prosperity (2012)</b>		
Conexión Norte	Contract awarded	Completed
Rio Magdalena 2	Contract awarded	Completed
Conexión Pacifico 1	Contract awarded	Completed
Conexión Pacifico 2	Contract awarded	Completed
Conexión Pacifico 3	Contract awarded	Completed
<b>Second Wave 4G</b>		
<b>Group II-Highways for Prosperity (2014)</b>		
Highway to the sea 1	Contract awarded	Completed
Highway to the sea 2	Contract awarded	Completed
Santana- Neiva	Contract awarded	Completed
Rumichaca-Pato	Contract awarded	Completed
Popayan-S/der de Quilichao	Contract awarded	Completed
Transversal de Sisga	Contract awarded	Completed
Villavicencio –Yopal	Contract awarded	Completed
P/ta de Hierro-Palmar	Contract awarded	Completed
Bucaramanga-B/meja-Yondo	Contract awarded	Completed
<b>Third Wave 4G</b>		
Bucaramanga-Pamplona	Approved by the MOH and the DNP	
Pamplona- Cucuta	Under preparation	
<b>Under preparation</b>		
Ocaña-Cucuta		
Zipaquirá- Bucaramanga		
Duitama-Pamplona		
Sogamoso-Aguazul-Maní		
Chinchina- Mariquita		
<b>Private Initiatives</b>		
Ibagué-Cajamarca	Contract awarded	
Malla Vial del Meta	Contract awarded	
Chirajeará-Fundadores/Bogotá Villavicencio	Contract awarded	
Departamento del Cesar y la Guajira	Contract awarded	
Cambao-Manizales	Contract awarded	
Vías del NUS	Contract awarded	
Neiva-Girardot	Contract awarded	

Antioquia-Bolívar	Contract awarded	
Buga-Buenaventura	Bidding	

**Estimated employment figures created by Infrastructure Projects of Fourth  
Generation of Concessions, awarded by ICR completion.**

4G	PROYECTOS	ESTADO	N° MÁXIMO DE EMPLEOS TOTALES ESTIMADOS A GENERARSE EN AÑO DE MAYOR INVERSIÓN
PRIMERA OLA	HONDA - PUERTO SALGAR - GIRARDOT	CONSTRUCCIÓN	4.627
	CONEXIÓN NORTE	CONSTRUCCIÓN	4.039
	MULALÓ - LOBOGUERRERO	PRE- CONSTRUCCIÓN	3.617
	CARTAGENA - BARRANQUILLA Y CIRCUNVALAR DE LA PROSPERIDAD	CONSTRUCCIÓN	5.213
	PERIMETRAL DE ORIENTE DE CUNDINAMARCA	CONSTRUCCIÓN	5.171
	PACIFICO 1	PENDIENTE INICIO DE CONSTRUCCIÓN	5.906
	PACIFICO 2	CONSTRUCCIÓN	2.979
	PACIFICO 3	CONSTRUCCIÓN	4.123
	MAGDALENA 2	CONSTRUCCIÓN	3.502
SEGUNDA OLA	PUERTA DE HIERRO	PRE- CONSTRUCCIÓN	1.466
	TRANSVERSAL DEL SISGA	PENDIENTE INICIO DE CONSTRUCCIÓN	1.941
	VILLAVICENCIO - YOPAL	PENDIENTE INICIO DE CONSTRUCCIÓN	6.643
	NEIVA - MOCOCHA - SANTANA	PRE- CONSTRUCCIÓN	5.917
	POPAYAN - SANTANDER DE QUILCHAO	PRE- CONSTRUCCIÓN	3.877
	AUTOPISTA AL MAR 1	PRE- CONSTRUCCIÓN	3.588
	BUCARAMANGA - BARRANCABERMEJA - YONDO	PRE- CONSTRUCCIÓN	5.497
	RUMICHACA - PASTO	PRE- CONSTRUCCIÓN	6.293
	AUTOPISTA AL MAR 2	PRE- CONSTRUCCIÓN	4.161
INICIATIVAS PRIVADAS	IP IBAGÚE - CAJAMARCA	CONSTRUCCIÓN	2.288
	IP MALLA VIAL DEL META	PRE- CONSTRUCCIÓN	4.566
	IP CHIRAJARA - VILLAVICENCIO	PENDIENTE INICIO DE CONSTRUCCIÓN	5.606
	IP CESAR - GUAJIRA	PRE- CONSTRUCCIÓN	1.771
	IP ANTIOQUIA - BOLIVAR	PRE- CONSTRUCCIÓN	3.756
	IP CAMBAO - MANIZALES	PRE- CONSTRUCCIÓN	2.721
	IP NEIVA - GIRARDOT	PRE- CONSTRUCCIÓN	3.918
	IP VIAS DEL NUS	PRE- CONSTRUCCIÓN	3.239
	IP VÍA AL PUERTO	PRE- CONSTRUCCIÓN	3.961
	IP TERCER CARRIL	EN PROCESO FIRMA DE CONTRATO	4.741
TERCERA OLA	BUCARAMANGA - PAMPLONA	PRE- CONSTRUCCIÓN	3.488

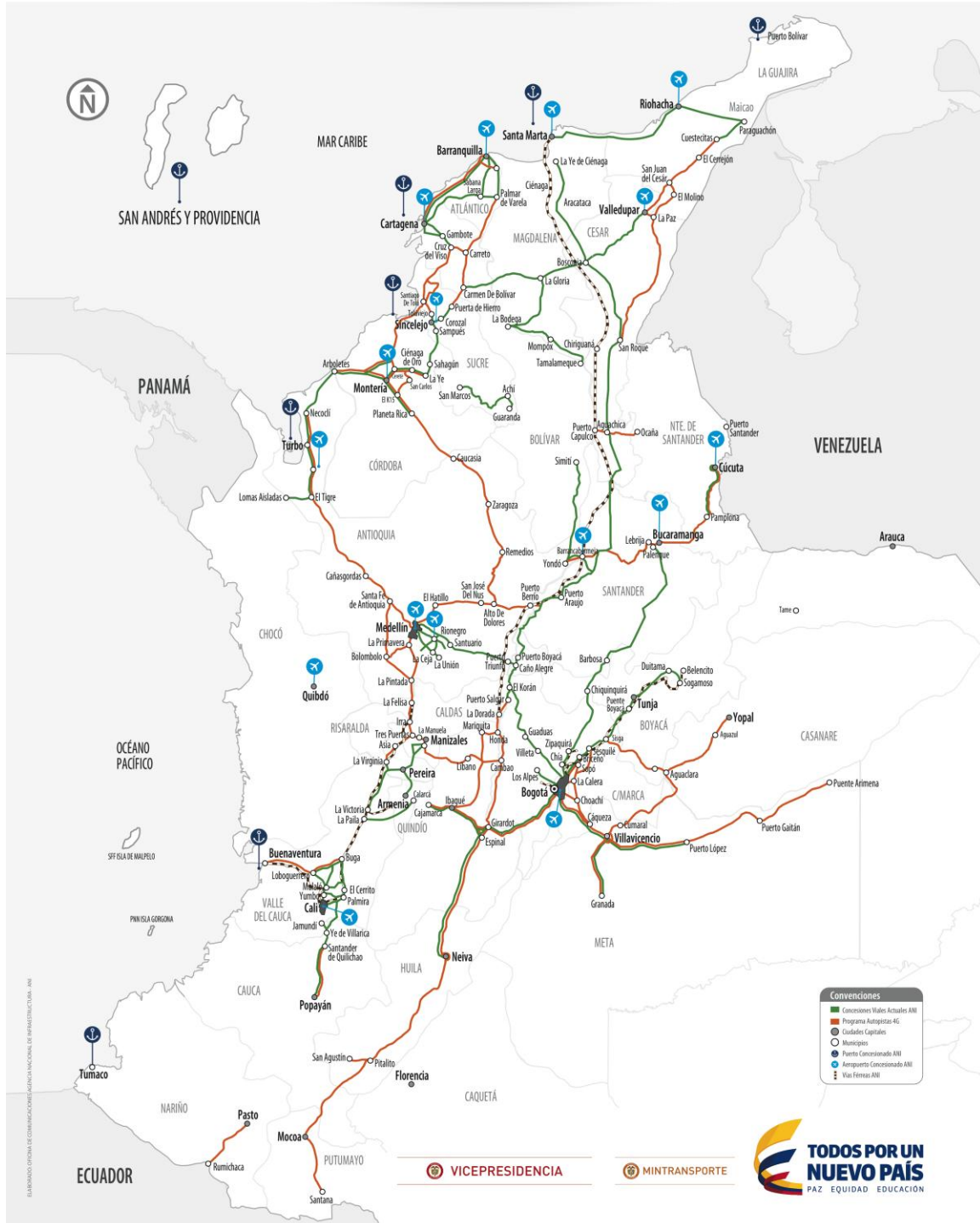
Source: ANI, September 2016

# Así transformamos las vías de Colombia

Alcance de las Vías de Cuarta Generación y Concesiones en Colombia



Agencia Nacional de Infraestructura



## Annex 9 - DPL II Prior Actions Analytical Underpinnings

Prior Actions	Analytical underpinnings
<b>Pillar 1: Sustainable and Inclusive Cities</b>	
Prior action 1— ‘System of Cities’ CONPES	<p>The CONPES is grounded in a solid analytical foundation, which includes analysis reflected in a 2012 World Bank report “Colombia Urbanization Review: Amplifying the Gains from the Urban Transition” and other economic and sector work relevant to each of the Policy Areas of the DPL. The DPL is well aligned with the World Bank Urban Strategy, “Systems of Cities: Harnessing Urbanization for Growth and Poverty Alleviation (2009)”.</p> <p>In addition, 17 analytical papers were prepared under the <i>Misión</i>, more than 12 consultation sessions with academia, public and private stakeholders were convened and three international seminars were conducted where experts presented case studies and analyzed preliminary results of the commissioned papers. The main outcome of the <i>Misión</i>, which summarizes this broad technical consultation, is the <i>Documento Técnico de Soporte</i>—DTS.</p>
Prior action 2— Congestion Pricing Decree	<p>The Bank, through a number of knowledge and convening services, supported the formulation of the Congestion Charging Decree, including:</p> <ul style="list-style-type: none"> <li>• Facilitation of a knowledge exchange between Singapore (IE Singapore) and Colombia (MT, and Bogota’s Secretariat of Mobility) to share Singapore’s experience with the implementation of a congestion charging scheme, and advise local authorities on a methodology, and action plan for cities to design such schemes.</li> <li>• Participation in a high-level steering committee that also included representatives from the IADB, to provide technical guidance and peer review the study “Bogota Travel Demand Management Strategies and Action Plan” December, 2012 produced by CPG Consultants.</li> <li>• Support from an experienced consultant in drafting the Travel Demand Management (TDM) Decree, and carrying out relevant stakeholder consultations to validate the scope of regulation/framework being proposed.</li> <li>• The UK, through a Prosperity Fund grant, supported the MT to carry out further technical review of the Decree by Professors from University College London, and the University of Los Andes.</li> </ul>
Prior action 3— Vehicular Identification Decree	<ul style="list-style-type: none"> <li>• The IADB supported the MoT to carry out a technical assessment and alternatives analysis of the different technological standards available worldwide for the implementation of a vehicular identification system. (Refer to GSD+ Study. “Comparación de los estándares tecnológicos a usarse en un Sistema de Identificación Electrónica de Vehículos en Colombia”. 2013).</li> <li>• The Bank facilitated a number of meetings with Bank specialists and experts from the US Department of Transportation (DoT), to discuss implications of different ITS systems and standards for</li> </ul>



	vehicular identification, and the role of government regulation pertaining these systems.
Prior action 4— Municipal Adherence to NISHRA	The World Bank, through the Global Facility for Disaster Risk Reduction supported the MVCT with the preparation, validation and dissemination of the standardized methodology for the National Inventory of Settlements in High Risk Areas.
<b>Pillar 2: Access to Affordable Housing</b>	
Prior actions 5— Affordable Housing with Voluntary Savings Program CONPES	The Bank, through a number of studies related to access to affordable housing in association with the Macroproyectos Social Interest Program Project, point to both supply and demand side constraints as some of the most pressing challenges contributing to Colombia's persistent housing deficit. These findings were echoed in background studies during the first phase of the Colombia Urbanization Review, and support the formulation of the proposed policy intervention.
<b>Pillar 3: Institutional Strengthening and Regional Coordination</b>	
Prior actions 6— Metropolitan Areas Law	On institutional strengthening and regional coordination, the Bank has undertaken analysis with leading international experts for the Colombia Urbanization Review, which highlights the potential gains from improved coordination, as well as the importance of taking the opportunity provided by the recently approved Territorial Ordinance Law (LOOT).
<b>Pillar 4: Urban Connectivity and Regional Infrastructure Finance</b>	
Prior Actions 7— Infrastructure Law	<p>President Santos appointed an Infrastructure Commission comprised of renowned experts (practitioners and academics) to identify the major bottlenecks and challenges to the development of transport infrastructure, and provides recommendations to address them. The independent commission produced a report summarizing their findings, which became the basis of the approved Infrastructure Law. Refer to “Informe de la Comisión de Infraestructura”, October 2013.</p> <p>□ A number of diagnostic studies on the state of transport infrastructure in Colombia also supported the formulation of the Law, including: Fedesarrollo “Infraestructura de Transporte en Colombia: ¿luz al final del túnel?” 22 de noviembre, 2012. <a href="http://www.fedesarrollo.org.co/wp-content/uploads/2012/02/T-E-No-125.pdf">http://www.fedesarrollo.org.co/wp-content/uploads/2012/02/T-E-No-125.pdf</a> ; IADB &amp; CEPAL "Valoración de daños y pérdidas. Ola invernal en Colombia 2010-2011". Informe de la Comisión de Infraestructura, 2012.</p>
Prior actions 8— Fourth Generation of Concessions CONPES	The Fourth Generation of Concessions CONPES policy is largely based on a continuum of regulatory and institutional reforms carried out by the National Government to close Colombia's infrastructure gap and foster public- private partnerships in the sector, including the creation of the ANI, and the enactment of the PPP Law and the Ministerial Decrees that regulate it. The World Bank, IADB, CAF, Partnership UK, among others, helped the

	<p>Government at different stages of this reform process.</p> <p>□ The Bank, through a number of knowledge and convening services, supported the formulation of Fourth Generation CONPES, including:</p> <ul style="list-style-type: none"> <li>• As part of the Misión Ciudades, the Bank financed a study which was meant to diagnose and survey Colombia's major challenges to reaping the benefits of greater interurban connectivity (Roda, Pablo. "Conectividad Interurbana en Colombia" Misión Ciudades.)</li> <li>• The International Finance Corporation (IFC), through its Advisory Facility, has supported the structuring and bidding process of the Government's "early win" concession projects, which are part of the 4G pipeline.</li> <li>• The Bank, in response to a technical assistance request made by the Financiera de Desarrollo Nacional (FDN) and the Fondo Nacional de Proyectos de Desarrollo (FONADE), facilitated a workshop bringing together experts from around the world to discuss government support models to the structuring and financing of PPP projects in the infrastructure sector. The activity took place on May 30 and 31 of 2013.</li> </ul>
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