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AND

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AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

PERFORMANCE AND LEARNING REVIEW

OF THE COUNTRY PARTNERSHIP FRAMEWORK

FOR THE

REPUBLIC OF COLOMBIA

FOR THE PERIOD FY2016-21

April 23, 2019

Colombia and Venezuela Country Management Unit
Latin America and the Caribbean Region

The International Finance Corporation
Latin America and the Caribbean Department

The Multilateral Investment Guarantee Agency

The date of the last Country Partnership Framework was February 23, 2016 (Report No. 101552)

GOVERNMENT FISCAL YEAR

Calendar Year (January 1 – December 31)

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of April 8, 2019)
Currency Unit = Colombian Peso (COP)
US$1 = COP 3,118

ABBREVIATIONS AND ACRONYMS

4G	Fourth Generation Toll Roads Program
ASA	Advisory Services and Analytics
CAT Bond	Catastrophe Bond
CPF	Country Partnerships Framework
CTF	Clean Technology Fund
DNP	National Planning Department *(Departamento Nacional de Planeación)*
DPF	Development Policy Financing
DRM	Disaster Risk Management
FARC	Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*)
FDI	Foreign Direct Investment
FDN	National Development Financier *(Financiera de Desarrollo Nacional)*
GCFF	Global Concessional Financing Facility
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOC	Government of Colombia
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IPF	Investment Project Financing
LAC	Latin America and the Caribbean
MDB	Multilateral Development Bank
MDTF	Multi Donor Trust Fund
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MPI	Multidimensional Poverty Index
MSME	Micro, Small and Medium Enterprise
NDP	National Development Plan
OECD	Organization for Economic Co-operation and Development
PIT	Personal Income Tax
PLR	Performance and Learning Review
PPP	Public Private Partnerships
RAS	Reimbursable Advisory Services
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
STI	Science, Technology and Innovation
VAT	Value Added Tax
WBG	World Bank Group
WSS	Water Supply and Sanitation

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Republic of Colombia
PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK

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I. INTRODUCTION

1. **This Performance and Learning Review (PLR) takes stock of progress toward objectives and outcomes of the World Bank Group (WBG) Country Partnership Framework (CPF) for the Republic of Colombia for the period FY16-21 and provides updates for the second half of the CPF period.**[1] The CPF was designed for a five-year period to provide a flexible and selective framework of support around three main areas: balanced territorial development, increased inclusion and social mobility through better service provision, and support for fiscal sustainability and productivity. Support for peace building is a crosscutting theme of the CPF. The CPF aligned with the priorities of the second administration of former President Santos and its ambitious reform program under the National Development Plan (NDP) for 2014-2018 with its focus on a "Colombia in peace, equitable and without poverty, and well-educated". The CPF built on the analysis of key development challenges in the WBG's Systematic Country Diagnostic (SCD) which included uneven territorial development, longstanding and harmful armed conflict, and a growing dependence on extractive industries. The PLR evaluates the progress toward objectives and outcomes under the CPF thus far and adjusts the program to reflect country developments and the priorities of the new administration of President Duque, in office since August 2018, and his government's new NDP for 2018-2022.

2. **There has been good progress in implementing CPF objectives and the CPF remains a valid framework for collaboration between the WBG and Colombia.** This PLR shows that the WBG program is on track, with several key results already achieved or even surpassed. The PLR takes the opportunity to update the CPF results framework to better reflect the evolving country conditions and program and pipeline composition. In line with the new NDP and consultations with the new government, the PLR envisages deepening of the WBG's engagement within the CPF objectives, including the cross-cutting peace and stability agenda; supporting the government in addressing some new challenges, especially the large migration inflow from Venezuela. At the same time, the WBG expects to emphasize further the agenda for leveraging private finance and Maximizing Finance for Development (MFD) and the focus on gender and climate change, in line with the new government's top priorities and the new NDP. Following Colombia's OECD accession - a critical milestone in the development of this sophisticated middle-income country client, which the WBG supported during the first half of the CPF period— the PLR envisages, for the remainder of the CPF period, a continuing focus on sophisticated and innovative knowledge and finance solutions to Colombia's evolving development challenges, in areas such as the creation of carbon markets, capital markets deepening, green bonds, and regional Catastrophe (CAT)-Bonds, in addition to regular WBG lending, equity, or guarantee financing, flexibly combining the full range of WBG instruments.

II. MAIN CHANGES IN THE COUNTRY CONTEXT

CHANGES IN THE POLITICAL CONTEXT

3. **The new government's NDP, called *Pacto por Colombia – Pacto por la Equidad,* is based on three pillars: Legality, Entrepreneurship and Equity.** In August 2018, President Ivan Duque took office for a four-year term. His campaign emphasized the same three priorities—

[1] The World Bank Group Board of Executive Directors discussed the CPF on April 7, 2016.

legality, entrepreneurship and equity—that constitute the three pillars of his government's NDP. The NDP has fifteen crosscutting strategic areas: (i) environment; (ii) science, technology, and innovation; (iii) transport and logistic; (iv) digital transformation; (v) quality and efficiency of public services; (vi) mining and energy resource; (vii) creative industries (orange economy); (viii) peace; (ix) equality of opportunity for ethnic groups; (x) gender equality; (xi) efficient public administration; (xii) macroeconomic consistency; (xiii) Sustainable Development Goals (SDGs); (xiv) connecting territories, subnational governments and peoples; and (xv) intraregional equity. Similar to the NDP of the previous administration, the new NDP maintains a strong regional focus, and it is centered around equity and social inclusion. The NDP features specific development targets ranging from job creation, to providing preschool- and elementary-level education, the construction of basic housing units to the reduction of informal employment. Other objectives pertain to the reduction in crime through the strengthening of the justice system, as well as the fight against illicit activities and organizations, and corruption.

4. **Notable country developments during the CPF period include the signing of a peace agreement with Colombia's largest rebel group.** In November 2016, the Government of Colombia (GOC) signed a peace agreement with the Revolutionary Armed Forces of Colombia or *Fuerzas Armadas Revolucionarias de Colombia* (FARC). The agreement put an end to over fifty years of conflict between the GOC and the FARC and went hand in hand with peace building efforts with support from the international community. Themes covered in the peace agreement include the incorporation of ex-combatants into society, small-scale development projects for former rebels, participation of the FARC in the electoral process as a political party, tackling land tenure formalization—given that the lack of land tenure has been a key driver of the conflict—and the reparation of victims.

5. **In addition, Colombia has joined the Organization for Economic Co-operation and Development (OECD).** In June 2018, Colombia became the 37th member of the OECD, a process that started in 2013 with the invitation to open accession talks. As part of this accession process, Colombia undertook a series of reforms that boosted the momentum for structural reforms. Progress was made on several fronts: the implementation of legal reforms to promote public-private partnerships (PPP) for infrastructure investment, culminating in the 4G toll roads program; strengthening of the supervision of financial conglomerates; public consultations and impact assessments for new government regulations; international exchange of tax information etc. In addition, Colombia adopted the World Trade Facilitation Agreement and issued a new customs statute.

CHANGES IN THE ECONOMIC CONTEXT

6. **The Colombian economy has adjusted in a gradual and orderly manner to the significant oil income shock experienced over the mid-2014-2015 period and growth is recovering.** The economy suffered a large negative oil income shock of more than 3 percent of GDP but displayed a strong resilience underpinned by far-reaching macroeconomic and structural reforms undertaken over the last decade. Adequate macroeconomic policies ensured gradual external and fiscal adjustments. Growth decelerated to 2.1 percent in 2016, and 1.4 percent in 2017, before accelerating gradually to 2.7 percent in 2018.

7. **External adjustment was faster than expected.** The current account deficit widened to 6.3 percent of GDP by 2015, before narrowing to 4.3 percent in 2016, as imports declined in response to the deceleration in domestic demand and a sharp currency depreciation. Consistent with the inflation-targeting regime, the flexible exchange rate acted as the main shock absorber. The deficit narrowed further to 3.3 percent of GDP in 2017, before widening to 3.8 percent of GDP in 2018, on stronger import demand and higher factor income outflows due to higher profits of foreign oil and mining companies operating in Colombia. The current account deficit continued to be financed primarily by Foreign Direct Investment (FDI) inflows, despite a slight decline to 3.8 percent of GDP in 2018. International reserves remained broadly stable, ending the year 2018 at US$48.4 billion, enough to cover 170 percent of the outstanding external short-term debt at remaining maturity and the current account deficit.

8. **The authorities have maintained a fiscal adjustment path broadly consistent with Colombia's fiscal rule, implementing a structural tax reform and expenditure containment measures.** Since 2016, the country has experienced an important adjustment in the non-oil fiscal deficit in response to the decline in oil-related fiscal revenues of nearly 3.3 percent of GDP. The fiscal rule allows for variations in the oil price cycle, which enabled the government to comply with the structural deficit targets despite lower revenue. In 2017, the central government deficit narrowed to 3.6 percent, with a structural deficit of 1.9 percent of GDP. Central government revenues, excluding the one-off fees paid by telecom companies Claro and ColTel in 2017, remained relatively stable at 15.1 percent of GDP. Government spending on general operating expenses and some capital spending was reduced while protecting critical social spending. The general government deficit narrowed to 2.3 percent of GDP in 2017, as regional and local governments posted a surplus of 0.5 percent of GDP. The fiscal impulse in 2018 is estimated at -0.2 percent of GDP, with the central government deficit estimated to decline to 3.1 percent of GDP.

9. **The 2019 Financing Law seeks to incentivize growth and mobilize some additional revenue.** To incentivize growth, the law allows 100 percent of the VAT paid on capital goods to be discounted from the corporate income tax and allows a discount of 50 percent of the Industry and Commerce Tax as of 2019 and of 100 percent as of 2022 from the corporate income tax; to simplify the system, the law introduces the SIMPLE Taxation System for incomes lower than 2.75 billion pesos, with rates differentiated by sectors. The law also gives tax incentives for investment and job creation in the creative industries and the agriculture sector for companies with revenues below 2.7 billion pesos. To partially compensate for the loss in revenue, the law reintroduces a tax of 1 percent on wealth exceeding 5 billion pesos; introduces additional marginal personal income tax rates of 35 percent, 37 percent, and 39 percent, and lowers the threshold for withholding at the source; the sales tax on real estate of more than 0.9 billion pesos is replaced with a consumption tax on all properties that exceed this value, with the exception of rural properties used for agricultural production. The 2016 tax reform has generated an estimated 0.5 percent of GDP by 2018 in revenues, primarily from additional VAT revenues, higher PIT collections, and the national carbon tax, compared with an initial cumulative estimate of 3.1 percent of GDP for the period 2017-2022. Overall, tax revenues have declined however, due to lower corporate income taxes, and lower wealth tax revenues.

10. **Structurally low personal income tax revenues, weak tax administration with low collections, and a high degree of budget rigidities makes fiscal consolidation greatly challenging.** Budget rigidities stem from revenue earmarking, pre-committed investment spending (*Vigencias Futuras)*, constitutionally mandated central government transfers to subnational governments through the General Participation System (*Sistema General de Participaciones*), among other things. Since a large share of central government's current expenditure is rigid, fiscal adjustment often affects public investment. An important share of public investment is pre-committed and *Vigencias Futuras* amount to 0.9 percent of GDP in 2019, down from 1.4 percent of GDP in 2018.

11. **External debt has increased markedly in recent years, in part due to valuation effects and higher public sector borrowing requirements, but this trend has been reversed since 2017.** External debt increased to 42.5 percent of GDP in 2016, from 38.2 percent of GDP the previous year, but declined to 38.9 percent of GDP by November 2018, mainly because of a 3.3 percentage point drop in external public sector debt (to 21.8 percent of GDP). The private sector external debt also declined by 1.9 percentage points of GDP by June 2018. Gross non-financial public sector debt increased to 52.3 percent of GDP by 2017, before declining to 51.4 percent of GDP by September 2018. Gross public sector debt, including Ecopetrol and excluding *Banco de la República's* (the Central Bank) outstanding external debt, declined from 50.4 percent of GDP in 2015 to an estimated 48.7 percent of GDP in 2018 and the currency composition has shifted markedly towards domestic-currency denominated notes.

ECONOMIC OUTLOOK OVER THE REST OF THE CPF PERIOD

12. **Growth is expected to strengthen gradually over the 2019-2020 period, as private consumption growth continues to accelerate, and investment spending increases further in response to lower effective corporate taxes introduced with the 2019 Financing Law.** Accommodative monetary policy and improved confidence will support growth in the medium term. Higher profitability in the oil sector is expected to incentivize investments in exploitation and exploration. A larger number of financial closings for the 4G projects and a pick-up in execution of existing projects augurs well for investment over the 2019-2020 period. Improvements in investment planning and spending capacity at the subnational level and the organization of subnational elections should support public spending even as central government spending growth is expected to decelerate in line with efforts to comply with the fiscal rule, which requires the central government deficit to decline by 0.4 percent of GDP in 2019 to 2.7 percent of GDP, and an additional 0.4 percent of GDP in 2020. Ongoing structural reforms are expected to enhance competitiveness and foster diversification, thereby supporting the growth recovery over the medium term.

13. **Fiscal sustainability remains a central priority for the government in the context of additional spending needs related to the implementation of the peace agreement and migration-related expenditure.** Further fiscal consolidation will likely be necessary to continue complying with the fiscal rule. Considering pressures from post-conflict spending and spending related to the migration flows from Venezuela, together with the need to ensure sufficient public investment to support medium-term growth, additional fiscal consolidation measures will become even more important over the 2019-2020 period, including targeted expenditure containment and rationalization, as well as efficiency-enhancing measures.

Table 1: Colombia - Main Macroeconomic Indicators 2014-2021

	2014	2015	2016	2017	Prelim. 2018	Proj. 2019	2020	2021
Real sector	Annual percentage change, unless otherwise indicated							
Real GDP	4.7	3.0	2.1	1.4	2.7	3.5	3.7	3.7
Contributions:								
Consumption	3.8	2.8	1.4	2.0	3.3	3.3	2.4	2.5
Investment	2.2	0.7	-0.7	0.4	0.3	0.8	1.1	1.1
Net exports	-1.8	0.5	0.8	0.1	-1.5	-0.6	0.2	0.0
Imports	7.8	-1.1	-3.5	1.2	8.0	5.8	2.6	2.5
Exports	-0.3	1.7	-0.2	2.5	1.2	4.7	5.1	3.9
Unemployment rate (nat. def.)	9.2	9.1	9.2	9.1				
GDP deflator	2.1	2.4	5.1	5.1	3.3	3.9	3.0	4.2
CPI (average)	3.7	6.8	5.7	4.1	3.2	3.2	3.2	3.2
Fiscal accounts (Central Government) ^								
Revenues	16.7	16.1	14.9	15.5	15.1	15.8	15.7	15.8
Expenditures	19.1	19.2	18.9	18.9	18.1	18.6	18.0	17.6
Fiscal balance (CG)	-2.4	-3.0	-4.0	-3.6	-3.1	-2.7	-2.3	-1.8
Fiscal accounts (General Government)	Percent of GDP, unless otherwise indicated							
Revenues	27.5	25.4	24.3	24.5	25.2	26.2	25.1	25.0
Expenditures	29.2	28.6	27.4	26.9	27.0	28.4	26.1	26.4
Fiscal balance	-1.7	-3.2	-3.0	-2.3	-1.8	-2.2	-1.0	-1.4
Gross public debt*	46.6	50.4	49.8	49.4	48.7	48.1	47.4	46.8
Selected monetary accounts	Annual percentage change, unless otherwise indicated							
Base money	15.4	17.1	2.5	5.0	10.4			
Credit to private sector	14.6	18.1	9.2	12.1	9.5			
Policy interest rate	4.5	5.8	7.5	4.8	4.3			
External sector	Percent of GDP, unless otherwise indicated							
Current account balance	-5.2	-6.3	-4.3	-3.3	-3.8	-3.9	-3.7	-3.6
Imports GNFS (% change, real)	7.8	-1.1	-3.5	1.2	8.0	5.8	2.6	2.5
Exports GNFS (% change, real)	-0.3	1.7	-0.2	2.5	1.2	4.7	5.1	3.9
Foreign direct investment (net)	3.2	2.6	3.3	3.3	1.8	3.0	3.2	3.3
Gross reserves (US$ billion, eop)	47.3	46.7	46.7	47.6	48.4			
In months of next year's imports	8.8	10.3	9.9	9.4	8.7			
As % of short-term external debt	317	289	312	272	239			
External debt	26.7	38.2	42.5	39.6	38.9			
Terms of trade (% change)	-5.1	-15.9	-3.9	9.6	4.9			
Exchange rate (COP/US$, average)	2000	2743	3,051	2951	2956			
Memo items								
Nominal GDP (US$ million, current)	381,112	293,482	282,825	311,790	330,228			
Nominal GDP (COP billion, current)	762,903	804,692	863,782	920,194	976,056	1,049,268	1,120,345	1,209,762
Oil production (hundred thousand barrels/day)	990	1,005	886	854	865	872	890	840
Oil price (Brent spot price, US$/barrel)	99	51	44	54	72	67	64	64

^ The Government of Colombia uses the GFSM 1986. *Includes Ecopetrol

14. **Reducing the external vulnerability to commodity price fluctuations requires further reforms to enable diversification and productivity growth in non-extractive sectors.** Factor accumulation (rather than total factor productivity) supported economic growth over the last decades, and FDI has been heavily concentrated in the extractive sectors. The current external environment implies headwinds for these "traditional" drivers of growth and elevate the importance of faster productivity growth for the policy agenda. Since starting the OECD accession process in 2013, the Colombian authorities made significant progress in reforms to reduce burdensome business regulation, promote better allocation of resources, improve the innovation policy framework, and attract investment in infrastructure, among others. Further progress is needed in these and other areas, including facilitating trade, reducing barriers to entry, streamlining regulations, and increasing the effectiveness of public investments to promote innovation. The authorities are undertaking reforms to remove rigidities that disproportionally affect the non-extractives sectors and enable the drivers of productivity growth.

CHANGES IN THE SOCIAL CONTEXT[2]

15. **One important development has been the accelerated migration from Venezuela into Colombia and other countries.** As of November 2018, more than 3 million people are estimated to have left Venezuela, seeking refuge from the country's economic and social crisis, as well as food scarcity and insecurity. Approximately 75 percent of migrants have moved to countries in Latin America and the Caribbean (LAC). The migration accelerated rapidly during 2018, with some countries reporting twice as many migrants in November compared to January 2018. Colombia is the main recipient of migrants from Venezuela in Latin America (1,202,408 as of January 31, 2019). In addition, during 2018 alone, almost 1 million migrants and refugees entered Colombian territory as a transit destination on their journey towards Ecuador, Peru, Argentina and other destinations. An average of 45,000 people enter Colombia from Venezuela and return to Venezuela daily to stock-up on provisions, access basic services and earn a living in the informal economy.

16. **Migration has a major social impact in Colombia, with adverse effects in the short-term, but an expected positive effect and new economic opportunities in the medium-term if managed correctly.** Migration has been highly concentrated with nearly 80 percent of migrants settling in 8 of the 32 Colombian departments. Bogotá has the highest number of migrants, hosting nearly 10 percent of the migrant population. In relative terms, border areas are the most impacted with the migrant population in border departments constituting between 2.5-5 percent of the total population. The least educated, poorer and more vulnerable migrants are disproportionately concentrated in border areas. The influx of migrants has put significant strain on health, education and water and sanitation services at the local-level and generated significant additional fiscal costs at the national level. Housing, urban development and infrastructure are also experiencing significant pressures due to the high number of migrants living in the street or in deficient conditions. Yet, impacts could be off-set in the medium-term as migrants integrate into the labor market. The government has taken concrete measures to support migrants and regularize their status while also mitigating impacts on host communities.

[2] All data in this section is based on official data including from the *Registro Administrativo de Migracion Venezolanos* (RAMV) and World Bank staff calculations. See also "*Migracion desde Venezuela a Colombia: impactos y estrategia de respuesta en el corto y mediano plazo*", World Bank 2018.

CHANGES IN POVERTY REDUCTION AND SHARED PROSPERITY[3]

17. **Colombia continued to make progress in reducing poverty during the CPF period.** Colombia's solid economic growth since the early 2000s has led to significant social improvements. Extreme poverty in Colombia almost halved from 17.7 percent in 2002 to 7.4 percent in 2017, while moderate poverty fell from 49.7 percent to 26.9 percent. In absolute terms, the number of poor declined from about 20 million in 2002 to approximately 12.8 million in 2017. In the first part of the CPF period (from 2016 to 2017) both moderate poverty and extreme poverty decreased by 1.1 percent. Moderate poverty went from 28 to 26.9 percent, while, extreme poverty was 8.5 percent in 2016 and 7.4 in 2017. This was primarily driven by lower incidence of poverty in rural areas, where extreme and moderate poverty rates decreased by 2.7 and 2.6 percent, respectively. Similarly, urban areas saw a reduction of moderate poverty (from 24.9 to 24.2 percent), while extreme poverty remained virtually flat since 2014, at around 5 percent. At the same time, Colombia achieved a reduction in its official Multidimensional Poverty Index (MPI), which decreased from 17.8 percent in 2016 to 17.0 percent in 2017. This implies that an additional 255.000 Colombians have been lifted above the MPI threshold. Growth has been pro-poor as the incomes of the poorest 40 percent of the population have grown above the national average. Between 2002 and 2017, Colombian households in the bottom 40 percent of the income distribution experienced a growth in their per capita incomes of 4.0 percent per year, compared to 2.5 for the entire population. The shared prosperity premium—the additional growth experienced by the bottom 40 relative to the mean—is positive.

18. **Despite the outstanding declines in the incidence of poverty at a national level over the last fourteen years, historical disparities across geographical areas persist.** In 2017, extreme poverty was over 3 times higher in rural areas than in urban, and moderate poverty was 55 percent higher. Between 2002 and 2017, both extreme and moderate poverty in rural areas fell by 5 and 3.5 percent annually. In urban areas, the reduction rate was 5.8 and 4 percent annually, respectively. However, since 2012 rural areas lead poverty reduction. During 2012-2017, the annual rates of poverty reduction in rural areas were around 2 percent higher than in urban areas. This reduced the rural-urban poverty headcount ratio from 1.65 to 1.48 percent. But in addition to urban-rural gaps, poverty gaps between departments unveil deeper geographical disparities: 6 of the 16 departments with higher poverty rates than the national in 2016, diverged from the national mean in 2017 with annual rates of poverty reduction lower than the national level.

19. **Between 2012 and 2017, Colombia's reduction in poverty reduction was due to: (i) labor income and employment, and (ii) redistribution.** Labor market effects, including changes in labor income, changes in employment status of household members or a combination of both, were the main drivers of poverty. Around 90 percent of the total change in moderate poverty is thanks to labor market effects with 65 percent due to labor income and 24 percent to employment. The magnitudes of the contributions were smaller in rural areas where 60 percent of the total reduction in rural poverty was driven by labor income and 22 percent by employment. Public and private transfers were the most important factors among the non-labor income components in poverty reduction accounting for 6 percent of the reduction in moderate poverty and 17 percent of reduction in extreme poverty. These contributions were higher in rural areas where they explained almost 15 percent of the total reduction in moderate poverty in the last five years.

[3] All data is based on official data from the national statistical office and World Bank staff estimates.

20. **Labor income was also the main driver for reducing inequality.** Colombia's Gini coefficient declined from 57.2 in 2002 to 50.8 in 2017. Labor income was the main driver behind inequality reduction accounting for 74 percent of the observed reduction in inequality during this period. However, inequality in Colombia remains higher than the LAC region's average (50.5 in 2015). The highly unequal distribution of labor income, coupled with the fact that labor income represented more than two-thirds of total family income throughout the 2002–17 period, explains Colombia's persistently high inequality.

21. **Looking forward, poverty reduction is expected to continue.** Due to lower economic growth, poverty is estimated to remain broadly unchanged in 2018. But the gradual economic recovery expected in 2019 and 2020 will help poverty reduction to continue its downward trend, boosted by job creation in the construction sector, as well as an improvement in agriculture, leading to a further 1.2 percent reduction in poverty by 2020.

III. SUMMARY OF PROGRAM IMPLEMENTATION

22. **Over the CPF period, Colombia remained the seventh largest IBRD client.** The current active portfolio consists of 12 projects, including 2 stand-alone Global Environment Facility (GEF) projects, 1 Bio-Carbon Fund project, and 1 IBRD-Clean Technology Fund (CTF) Guarantee, totaling US$1.6 billion in net commitments. The portfolio also includes about US$100 million in recipient and bank-executed trust funded activities.

23. **IBRD portfolio performance improved over the first half of the CPF period.** Disbursements averaged US$1,219 million per year since FY16 with an average disbursement ratio of 20.3 percent of IPFs in FY16-18. Issues that affected portfolio performance in the first half of the CPF included: (i) effectiveness delays caused by complex flow of funds arrangements between implementing agencies; and (ii) implementation delays in low-capacity environments. Going forward, greater emphasis will be put on project readiness and close supervision especially in lagging regions. Several implementation bottlenecks that occurred during the CPF period have been addressed through project restructurings. As a result, portfolio performance improved markedly, with 4.6 percent of commitments at risk today compared to 17 percent at the beginning of the CPF. Of the projects evaluated by IEG over the CPF period, 75 percent have been rated as having achieved satisfactory outcomes. IBRD portfolio trends are presented in Annex 6.

24. **Over the CPF period to date, IFC's Colombia portfolio has grown from the 16th to the 11th largest country exposure globally.** The current active portfolio (as of February 28, 2019) consists of 43 companies with 66 projects totaling US$1.4 billion in commitments. The top sectors are financial markets (59 percent), health and education (11 percent), and infrastructure (10 percent). Equity accounts for 33 percent of the Own Account Committed Portfolio. IFC's portfolio is healthy and commitments have been growing consistently since 2015 thanks to increased demand and a product offering that meets local market needs. IFC portfolio trends are presented in Annex 7. IFC's advisory services program have engaged both government agencies and local firms to support private sector development, in several areas. Nine active advisory programs leverage specialists in the development of PPPs for infrastructure (schools and hospitals); and in finance and trade to improve investment climate. In agribusiness, advisory is active for companies in the livestock sector. Advisory also supports corporate governance for both public and private

firms, through a LAC regional program, funded by SECO, focusing in manufacturing and infrastructure companies, capacity building and raising awareness of good corporate governance practices. The LAC regional advisory programs also include investment and trade promotion for the Pacific Alliance, sustainable energy and climate finance, as well as improvements in business environment and taxation. Market innovations, including the first Green Bonds issued in Colombia, by supporting the development of green building financing and mainstreaming the EDGE certification[4] within their client base.

25. **The Multilateral Investment Guarantee Agency (MIGA) has maintained two active projects in Colombia's financial sector during the CPF period.** MIGA supported US$100 million worth of on-lending operations of *Financiera del Desarrollo* (FINDETER) for the construction, maintenance and/or rehabilitation of health and education facilities, urban mobility, social housing and urban infrastructure by means of MIGA's non-honoring of financial obligations instrument. In addition, MIGA issued guarantees against the risk of expropriation of funds, covering US$2.6 million investments of ProCredit Holding (PCH) in its Colombian subsidiary. The MIGA cover aims to facilitate PCH in Colombia to extend more credit to MSMEs contributing to employment opportunities in the country. Going forward, MIGA will explore opportunities to deploy its political risk insurance and credit enhancement instruments to de-risk potential private sector foreign investments in Colombia. The MIGA portfolio is presented in Annex 8.

26. **The Bank relied on a strong Advisory Services and Analytics (ASA) program during the CPF period to support the policy dialogue with government on key topics.** The ongoing ASA program is comprised of 8 programmatic approaches closely aligned with the financing program thus supporting the policy dialogue on fiscal consolidation, public management, productivity, poverty, education, regional and urban development, energy and green growth. A range of standalone ASA focus on specific subjects or provide technical assistance in specific sectors in a build-up to a potential financing program for example in health, social protection, agriculture, water or the cadaster reform. Colombia's demand for Reimbursable Advisory Services (RAS) has been very strong with a total of 17 RAS delivered during FY16-18 and three currently ongoing activities in areas such as supporting Bogotá's urban cycling program, evaluation of strategies for higher education and modernization of information systems for the judiciary.

27. **Over the first part of the CPF period, the program has focused on closing key gender gaps.** The CPF highlighted the need for a more strategic and consistent approach to promoting gender equality through the Bank's interventions. The SCD analyzed two gender gaps: (i) wage differentials by gender and race with a large male-female wage gap; and (ii) gender divide in labor markets. All new Bank supported projects have been gender tagged and contribute to closing specific gender tags which is also supported by key ASA. Envisaged WBG support for gender equity for the remainder of the CPF period is shown in Section V.

28. **The WBG Colombia program continues to focus on Maximizing Finance for Development (MFD), building on the experience of the 4G toll roads program.** The WBG had a critical role in the US$30 4G toll roads program. Bringing together the joint capabilities of the Bank, IFC and MIGA, the WBG provided support to strengthen the institutional framework and

[4] EDGE (Excellence in Design for Greater Efficiencies) is an IFC innovation to make it easier and more affordable to build and brand green. See: www.edgebuildings.com

capacities for PPPs in the transport sector, most notably the creation of the National Infrastructure Agency (ANI) and the PPP Law. Between 2011 and 2014, IFC acted as advisor of advisors to the GOC, putting in place the standardized process and contracts for subsequent PPPs and supporting the structuring of the pilot transactions for 4G. Starting in 2013, the World Bank, IFC, and MIGA jointly developed the Colombia Capital Market Deep Dive to create the conditions needed to mobilize institutional funds through the capital markets to finance the 4G program. A DPF series (FY13/FY15)[5] supported the creation of ANI and the PPP Law, amongst other measures to accelerate the structuring and development of project pipelines for private finance. A further DPF series (FY15/FY16)[6] supported actions to improve the financing mechanisms for the 4G program, (e.g. to ease the restrictions for pension funds to invest in private capital infrastructure and the requirements for funding operations in international markets). Financial closings from the 4G toll roads program have amounted to over US$7 billion as of December 2018.

PROGRESS TOWARD CPF OBJECTIVES AND OUTCOMES

29. **The CPF has made good progress on its objectives**. Of eight CPF objectives seven are on track of being achieved. Objective 7 is currently off track. Progress towards an objective is categorized as on or off track based primarily on the number of indicators under that objective that are on track, off track or already achieved. Annex 3 explains in detail the progress on each indicator.

PILLAR 1: FOSTERING BALANCED TERRITORIAL DEVELOPMENT

30. **Objective 1: Strengthened Public Management Capacity to Support Territorial Development.** Progress is overall on track, with some delays. The percentage of municipalities that fulfill the goals of municipal development plans, demonstrating their improved public management capacity, has increased substantially. However, implementation of a territorial management model, which would allow to improve central government's management of territorial/regional development, has been delayed.[7] In addition, the results framework of the associated project[8] does not currently adequately capture the contribution of project activities and will be revised. Other indicators under this objective related to the institutional frameworks for post-conflict reforms and the implantation of collective reparations for victims were achieved.[9]

31. **Objective 2: Enhanced Capacity for Natural Resources Management in Target Regions.** Progress is on track, with some targets surpassed and others delayed. The Bank contributed to establishing sustainable cattle ranching production (silvopastoril livestock farming) surpassing the targets set in the CPF two years ahead of time. The project[10] successfully established a service delivery model to reach farmers with extension services, technical assistance and planting equipment, which has allowed high rates of land conversion towards silvopastoril systems.[11] The Bank also continues to support environmental protection in large areas of the Amazon and

[5] Productive and Sustainable Cities DPF series.
[6] Programmatic Sustained Growth and Income Convergence DPF series.
[7] Reason for this delay has been, among others, staff rotations at DNP due to the 2018 elections.
[8] Subnational Institutional Strengthening Project.
[9] The Bank supports the government in developing a methodology for collective reparation of victims and helped to provide reparations for about 8,000 direct beneficiaries, benefiting over 81,000 victims overall.
[10] Mainstreaming Sustainable Cattle Ranching Project.
[11] Meat and milk production increased by an average of 17 percent for participating farmers.

Orinoquia regions surpassing the target set in the CPF.[12] But the Bank's support of a wastewater treatment plant with the goal to improve water quality and water management in the Rio Bogota basin has been delayed.[13] The Bank also helped to improve Colombia's management of dealing with risks stemming from natural disasters on a national and regional level.[14]

PILLAR 2: ENHANCING SOCIAL INCLUSION AND MOBILITY THROUGH IMPROVED SERVICE DELIVERY

32. **Objective 3: Improved Access to and Quality of Service Delivery in Target Areas.** Progress is on track. A water supply and sanitation (WSS) project in La Guajira contributed to increased WSS service quality in urban and peri-urban as well as rural areas with a focus on indigenous and women populations.[15] While the project did not directly mobilize private financing, it helped to create the enabling environment to use private specialized operators, which in turn lead to a considerable improvement in the institutional performance of utilities. In addition, the Bank supported government in preparing a model to better involve Colombia's departments in the planning of WSS services known as departmental water plans.[16] The Bank is applying lessons learned from the implementation of this project in a similar WSS project in the Pacific region with good progress. Bank ASA in social protection contributes to the increase in social spending databases with inter-operability, the modernization of poverty and social mobility measurement methods and the implementation of a risk-based supervision model for the health sector.

33. **Objective 4: Improved Access to and Quality of Education.** Progress is on track. In the tertiary education sector, the Bank continued to support the *Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior* (ICETEX) student loan program: more than two thirds of new students enrolled in tertiary education and received student loans came from poor families—of these 58 percent were women and 25 percent came from indigenous peoples, afro-Colombians, Roma and victims of violence. Following this focus on access, the Bank shifted its focus to supporting quality improvements by providing competitive grants to tertiary education institutions as well as giving student loans. Through a DPF series[17] on sustained growth and income convergence, the Bank supported the expansion of public employment services to serve a broader clientele of job seekers and employers and to provide basic matching services to the unemployed and to firms, as well as job training.[18] In addition, IFC has provided long term financing to several

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[12] To currently 4,200,000 ha in the Colombian Amazon.

[13] Rio Bogota Environmental Recuperation and Flood Control Project. The project has yielded important results in other areas, e.g. the reservation and recuperation of six multifunctional areas (203ha total) and flood control protection along 68.5km of the Bogota river middle basin benefitting 1.19 million people with reduced flood risk.

[14] Disaster Risk Management CAT Deferred Drawdown Option (DDO) II. Nationally, 267 municipalities have been trained on the application of a methodology for a national inventory of settlements in high-risk areas. On the regional level, the Bank issued a US$1.4 billion Catastrophe Bond (CAT Bond) to insure Pacific Alliance countries (Chile, Colombia, Mexico and Peru) against damages from earthquakes. Under this CAT Bond, the largest ever issued by the World Bank and the first regional risk insurance instrument, Colombia received US$400 million in risk insurance for a three-year coverage period.

[15] About 422,269 people, of which 51 percent were women, received access to improved water and sanitation services in urban and rural areas of participating municipalities.

[16] The project piloted this program in La Guajira and aimed to support the development of a water company to oversee the sector, channel government financing and provide support to specialized operators and utilities.

[17] Programmatic Sustained Growth and Income Convergence DPF series.

[18] The cumulative number of new placements achieved through the new system was over 1.7 million in 2014-17 and the number of persons referred to management and placements services was nearly 3.3 million.

non-for-profit private universities active in improving labor market skills of its graduates. This includes work with the *Fundación Universitaria Minuto de Dios*,[19] *Pontificia Universidad Javeriana*,[20] and *Universidad Santo Tomas*.[21] Moreover, IFC is executing a PPP program in infrastructure for education working closely with the Ministry of Education to improve the quality of primary education infrastructure in Medellin and Barranquilla[22] through an infrastructure fund with FDN. The program is expected to make investments for US$120 million over a 20-year period.

PILLAR 3: SUPPORTING FISCAL SUSTAINABILITY AND PRODUCTIVITY

34. **Objective 5: Improved Fiscal Management in Support of Fiscal Consolidation.** Progress is overall on track, but CPF targets on increased non-oil tax revenues had to be revised due to weaker than expected economic growth. The national government's tax-to-GDP ratio dropped from 14.5 percent of GDP in 2015 to 13.6 percent in 2016, below the 17.6 percent average tax ratio for the LAC region. Non-oil tax revenues declined from 13.9 percent of GDP in 2015 to an estimated 13.6 percent of GDP in 2017. This was due to weaker-than-expected economic growth, including lower import levels and lower private consumption, a decline in international trade related tax revenues and the decline in the corporate tax burden through the phasing out of tax for equity surcharge for corporations. An ongoing DPF series[23] therefore continues to focus on tax reform measures to support the mobilization of non-oil tax revenues of the central government over the medium term.[24] The Bank also provided ASA on the accommodation of post-conflict expenditures under the Medium-Term Fiscal Framework.

35. **Objective 6: Improved Business Environment and Innovation to Boost Productivity.** Progress is on track. A DPF series aims to address binding constraints to productivity growth through policy reforms in key areas including trade facilitation, business regulation, innovation and energy efficiency at the firm level. Design and implementation of a national competition policy to address trade barriers is on track and a Public Expenditure Review on Science, Technology and Innovation (STI) were completed at the national and subnational levels and are being used to inform decisions to revise public investments and programs in STI, including the *Sistema General de Regalias*. During the CPF period, 100 percent of budgeted tax benefits for STI were used by firms well above the CPF target of 50 percent. The goal of increasing the number of firms that benefit from improved tax administration has not yet been achieved, but preliminary data indicate that progress is on track; an evaluation is planned to assess and report on results.

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[19] IFC prepared a results measurement survey, highlighting the salary improvements and career opportunities of its graduates after 5 years of graduation.
[20] An Employability Tool to strengthen the capacity of the outplacement processes was piloted with, working closely with real sector employers.
[21] IFC provided insight on the importance of tailoring regional programs to the different employment needs in each of the five regional campuses.
[22] To benefit 21,500 students with 21 new schools (13 in Medellin and 8 in Barranquilla).
[23] First Fiscal Sustainability, Competitiveness DPF and Second Fiscal Sustainability, Competitiveness, and Migration DPF.
[24] Measures include the enactment of a 2016 tax reform legislation and its implementation through a sound regulatory framework including also the implementation of a carbon tax as well as measures to improve the tax system to reduce tax evasion, avoidance and tax base erosion.

36. **Objective 7: Deepened Financial Intermediation for Productive Purposes.** Progress is off track. Very ambitious targets were set initially, and a combination of factors slowed down financial intermediation in the banking sector and the country's infrastructure program. IFC has contributed to an increase in the number of people and MSMEs reached with financial services, although the volume of outstanding loans to MSMEs is off track vis-à-vis the targets set in the CPF. The deceleration of economic growth in 2017 caused an increase in non-performing loans, especially in the micro and consumer finance segments. The resulting write-offs led to a decrease in the loan portfolio in these market segments and to more stringent underwriting criteria. IFC also contributed to an increase in the outstanding infrastructure financing portfolio of the FDN and to the amount of financing allocated to the 4G program by credit institutions. Notwithstanding FDN's outstanding portfolio is off track vis-à-vis the very ambitious target set by FDN.[25] Despite the government's support to FDN and to the development of the infrastructure sector through an ambitious program, FDN has been facing challenges that have caused delays in the deployment of its business plan and have resulted in a slower than expected ramp-up of the loan portfolio (see Annex 3 for details). IFC supports efforts to diversify Colombia's energy matrix and aims to contribute to the country's climate change goals by investing in and promoting renewable energy. In 2017, it supported *Empresa de Energia del Pacifico S.A* (EPSA), a vertically integrated utility, through the subscription of a green bond, bringing along FDN. The project[26] allowed the company to build and commission the first utility-scale, grid-connected solar power plants in the country. MIGA's active guarantees in the financial sector are also supporting the overall objective of financial sector deepening through increasing lending for sustainable urban development projects and to productive MSMEs.

37. **Objective 8: Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities.** Progress is significant but slower than expected. Project implementation support to the national urban transport program has been slower than expected and while works are underway improved transportation services still need to start operating in the participating cities IFC is also contributing to Bogotá's health sector, with a subnational level PPP, through the Infrastructure Fund with FDN which was reduced in scope.[27] A DPF series[28] on productive and sustainable cities supported new housing schemes for voluntary savings which helped low-income families with access to affordable and safe housing. During the CPF period, MIGA's guarantee to FINDETER supported on-lending to financial intermediaries for the financing of urban mobility, social housing and urban infrastructure.

CROSS-CUTTING: CONSTRUCTING PEACE

38. **The WBG's program continues to support peace building as a cross-cutting objective.** The Bank in 2014 launched the Multi-Donor Trust Fund (MDTF) for Peace and Post-Conflict, which today forms part of government's *Colombia en Paz* program together with other donors' funds. In addition to the program on collective reparations already highlighted above, the MDTF has supported: (i) the preparation of a post-conflict rapid response plan with the office of the High

[25] The source of the target was the financial projections presented to IFC for its equity investment.
[26] IFC EPSA Green Bond Project.
[27] Although initially the program intended to fund five new hospitals through PPP structures, the administration gave the go ahead to three, one of which will be done through PPP. The private concessionaire will design, build, equip, operate and maintain the infrastructure of a hospital in a low-income area, for 25 years.
[28] Productive and Sustainable Cities DPF series.

Counselor for Post-Conflict, and (ii) a series of technical studies on cadastral systems and land management that have served as the basis for the Multipurpose Cadaster Project. Bank-financed projects also continue to include conflict sensitivity criteria and good principles of peacebuilding in their design (a "peace lens" approach). The active and planned program is helping to build peace by focusing on vital infrastructure and delivery and quality of basic services: WSS services, electrification, waterway transport—all aimed at benefitting a predominantly afro-descendent community and a large internally displaced population. In the first CPF period, the Bank approved two projects in the Pacific region—one of the regions mostly affected by the conflict—linked to Colombia's *Plan Pazcifico*.[29] The Multipurpose Cadaster Project will support the post-conflict agenda by helping to protect land property rights, stimulate agriculture productivity, and support central and local governments in their land use planning and revenue mobilization strategies.

IV. EMERGING LESSONS

39. **The first half of the CPF period demonstrated that the WBG is well-placed to continue to focus its engagement on opportunities for MFD and engaging the private sector.** During the first half of the CPF period, the WBG expanded its engagement in MFD beyond the 4G program by providing a guarantee to mobilize private financing for energy projects and working with other MDBs to crowd-in private financing for Bogotá's first metro line. Drawing on the lessons from these engagements,[30] the WBG is well-placed to further expand its focus on MFD. The WBG on the 4G program showed how jointly the institutions can achieve systemic impact. The sustained WBG effort over time and the strong GoC commitment to deliver, had a substantial demonstration effect; it generated the credibility in the policies and institutions necessary for sponsors and the financial sector to engage, in support of the realization of a long-term vision. The scale and ambition of the program, and the standardized contracts based on experience and with input from IFC, led to increased private interest and participation.

40. **As Colombia's economy continues to improve and with the country having joined the OECD, the WBG's program is expected to focus significantly on strengthening institutions.** Colombia has access to external capital markets on reasonable terms and continues to make progress in establishing key institutions for economic and social development. The WBG already assisted Colombia in carrying out structural reforms in the OECD accession process and through its ongoing policy dialogue and strong program in development financing is well-placed to support the country in further institutional reforms.

41. **A strong ASA program with just-in time features has allowed the WBG to take the lead in the policy dialogue on key topics.** For example, in light of the migration inflow from Venezuela, the Bank together with the GOC prepared an impact assessment (see Annex 4) that has since guided GOC's response to this challenge. In time for the new administration, the Bank also prepared a set of policy notes, which identified priority policy options in 12 areas: productivity, fiscal policy, financial sector, private sector financing of public infrastructure, pension reform, social protection, health, education, territorial development, subnational government, green growth and peace consolidation. The notes served as inputs to the GOC's development of the new

[29] CO Plan PAZcifico: Water Supply and Basic Sanitation Infrastructure and Service Delivery Project and the Enhancing Waterway Connectivity and Water Service Provision in Colombia's Plan Pazcifico.
[30] A key lesson is that mobilizing different WBG entities each leveraging their capabilities can work together in a sequenced and parallel manner to support large infrastructure investments under the MFD approach.

NDP and several *Consejo Nacional de Política Económica y Social* (CONPES) documents, which articulate official public policy.

42. **The WBG is well-placed to further support Colombia in its role as a leading source of development knowledge and expertise.** Since the beginning of the CPF in FY16 the Bank facilitated 38 exchanges between Colombia and other countries. In 27 of these exchanges Colombia was the knowledge providing country covering a wide range of subjects. Select topics included knowledge transfers on how to reform the water sector, M&E systems and the public sector. In addition, there have been knowledge exchanges on universal health coverage, transport solutions, boosting of the ICT industry, PPPs experiences in transport, energy and water, infrastructure finance and capital markets, multipurpose cadaster, reintegration of ex-combatants, property rights registration and urban transformation. As a knowledge receiver, Colombia benefitted from exchanges on health superintendence, commercial reforestation and compact cities. On sustainability, IFC facilitated two knowledge sharing exchanges at the subnational level in which the municipality of Bogotá participated in the IFC Sustainability Exchange and the IFC-Economist Cities event in London in 2017.

43. **CPF implementation to date demonstrates that implementing projects at the regional level in Colombia requires time and flexibility due to often difficult operating environments.** As already reflected in section III, key issues on portfolio performance have been delays in effectiveness and implementation which impacted the timely progress on some CPF indicators especially for projects that are being implemented on the subnational or regional level. These lessons apply to Bank and IFC projects and point to the need to pay greater emphasis on project readiness, close supervision and building on the lessons learned from project implementation especially in lagging regions.[31] While these lessons do not require adjustments to the CPF, they are nevertheless important considerations for improved portfolio performance.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

44. **The CPF will end as planned in FY21 after which a new CPF will take effect.** In support of the new NDP and within the flexible support framework provided by the CPF, the WBG will continue to provide its full spectrum of support including through financing, policy support, ASA, and convening services, coupled with investments and advisory to the private sector. The Bank and IFC held consultations with government officials and the private sector, where progress and program adjustments were presented. Participants welcomed the proposed deepening of the WBG's engagement in MFD, climate change, gender, market creation and strengthening in sectors such as agribusiness, and support in the logistics and infrastructure sectors (including social infrastructure). Adjustments to the CPF include a program of support to address the challenges posed by the migration inflow from Venezuela and the deepening of support in areas in which the new government is seeking WBG support. IBRD financing levels are expected to stay at similar levels as during the first part of the CPF period.

[31] For example, lessons learned from a WSS project in La Guajira are that when engaging in a politically sensitive regions, project teams need to engage with local authorities whenever the political climate is favorable. Another lesson is to employ the Bank's full convening power at the national and local levels to ensure sharing of information and buy-in.

45. **The CPF pillars and objectives are well-aligned with the overall strategic areas of the new NDP, so the original CPF structure is being maintained.** The three CPF pillars and the cross-cutting focus on peace remain. Selected changes were made to the CPF results framework: (i) the number of indicators in the CPF matrix was reduced from 26 CPF objective indicators to 22 with a maximum of three indicators per objective,[32] a process that entailed dropping 10 indicators and adding 6 new ones; (ii) 8 indicators were revised.

46. **The PLR presented an opportunity to improve the focus and relevance of the CPF matrix.** Annex 2 shows the changes to the original CPF matrix and includes detailed explanations on the rationale for the dropping, addition and revision of indicators: (i) *Dropped Indicators*: of the 10 dropped indicators, 3 were replaced directly with 3 new indicators from the same project or program, 2 indicators were dropped and replaced by 1 new indicator representing an IFC program that has evolved, and 5 were dropped because the associated project closed or the indicator was not well-aligned with the CPF objective; (ii) *Added Indicators*: 2 new indicators were added to better reflect the focus of the CPF program; and (iii) *Revised Indicators*: 8 indicators were revised to improve the precision of their wording and to adjust the targets (upwards or downwards) in line with the progress on implementation. Annex 1 shows the updated CPF results matrix.

47. The WBG will continue its engagement across all CPF pillars and objectives, with a specific focus on MFD, gender and climate change. Regarding MFD, drawing on the lessons from the WBG's work with government on the 4G program and other efforts to mobilize private finance, the WBG will continue to utilize its combination of infrastructure and capital markets expertise for critical infrastructure investments and other sectors. Among other things, the WBG will help government in identifying the reforms needed to identify viable pipelines of projects and to mobilize international and domestic capital.

48. **Pillar 1: Fostering Balanced Territorial Development**

- **Gender**: In Colombia despite a strong legal framework to protect women's land rights, less than 26 percent of rural women have their land and property rights formally recognized in the Property Registry. The Multipurpose Cadaster Project focuses on securing women's land and property rights especially in rural areas. The Project includes gender disaggregated indicators including the number of women with tenure rights recorded and the number of property tittles issued jointly to both men and women (regardless of marital status).[33] Another example includes a toolkit jointly developed with UNESCO, which helps the GOC and civil society in their communication strategies on victims' rights including groups having been impacted by the conflict due to their age, disability, ethnicity or gender (women and LGBTI).
- **Climate Change:** Following the NDP's aim to *producir conservando y conservar produciendo*, which aims at fostering a forest economy, sustainable agribusiness development, developing Colombia's bio-economy, etc. the WBG is building on the support it provided to Colombia's green growth policy document (CONPES) and the Sustainable Development and Green Growth DPF that established a set of policy and institutional measures in transport, energy, health, natural resources management, air quality and solid waste management. Through its ongoing engagement, the WBG will also continue to maximize finance for rural,

[32] The original CPF matrix also featured 18 progress indicators in addition to the CPF objective indicators.
[33] The Project will start implementation towards the end of the CPF and is therefore not featured in the CPF matrix.

climate smart development, by engaging with the private sector as well as impact investors, other financial institutions and the development of climate smart financial instruments.

- **Other areas:** *Rural Development:* In line with the priorities, the Bank and IFC will further expand their sectoral engagement within key regions and a focus on rural development with potential engagements in improving access to services and markets, including provision in energy that are off-grid and agriculture (forestry, livestock, fruits and vegetables).

49. **Pillar 2: Enhancing Social Inclusion and Mobility through Improved Service Delivery**

- **MFD:** The Bank and IFC are jointly undertaking a study on the quality of health care. The analysis will cover both public and private provision and provide granular detail from the facility level as well and assessment of structural constraints to improved quality.
- **Gender**: In education, the Bank supports the provision of loans for higher education targeting at least 50 percent women from poor families. A comprehensive 2019 Gender Assessment (see Annex 5) will provide an overview of gender outcomes with respect to endowments, economic opportunities and agency.[34]
- **Climate Change**: Examples include the Bank's support to climate adaptation in Colombia's Pacific region, which is highly vulnerable to climate change due to its exposure to high levels of rainfall, flooding, landslides and high/low tides. The Bank's projects focus on the provision of waterway transport and WSS with high climate co-benefits. These include investments to improve waterway transport to reinforce waterways as a primary mode of transport instead of roads, which would increase emissions and have negative environmental implications.
- **Other areas:** *Migration from Venezuela:* The Bank will support the GOC with the considerable fiscal costs associated with hosting migrants through policy-based lending under the Fiscal Consolidation, Competitiveness and Migration Policy DPF.[35] As the first country outside the Middle East, Colombia has been granted access to the Global Concessional Financing Facility (GCFF) in January 2019. While actual financing will depend on donor pledges, it opens new avenues to obtain concessional funds to address fiscal pressures stemming from the migration. The Bank and government are also discussing other potential engagements on social service provision and on economic and basic infrastructure resilience for migrants and host communities. In addition, trust-fund resources will be sought to support coordination and implementation of the migration response. *Human Capital:* Colombia has increased investments and seen significant improvements in Human Development in the last decade and has a 0.59 score in the Human Capital Index, which is above the regional and income group average.[36] The Bank and IFC will support this agenda with continued ASA as well as possible operations in health and education that seek to improve quality and improve efficiency of these systems. Regarding the former, the WBG is focused on health financing, medical service provision, and prevention and promotion programs. Regarding the latter the focus is on higher education financing and quality of basic education, including innovative

[34] The aim is to provide Bank staff, policymakers and civil society with the information to shape policies, programs, and gender-responsive actions to close more gaps between men and women.
[35] The fiscal cost to Colombia of hosting migrants from Venezuela is estimated at between 0.27 and 0.41 percent.
[36] However, this score also means that Colombia's still loses on average almost 40 percent of the productivity from each of its citizens, undermining the prospects for boosting growth and reducing poverty. Colombia still lags particularly on adult survival rates (linked to levels of violence in the country) as well as adjusted test scores (suggesting much more needs to be done to improve the quality of schooling). The regional average is 0.57 and the income group average 0.58.

delivery methods, and programs tailored to the needs of the labor market in each region. In tertiary education IFC pursues systemic impact and seeks to engage in long-term partnerships with private universities.[37] Moreover, there is continued dialogue on implementation of the *Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales* (SISBEN) IV, including with a possible operation, that seeks to improve the efficiency and effectiveness of social policy in Colombia.[38]

50. **Pillar 3**: **Supporting Fiscal Sustainability and Productivity**

- **MFD:** The Bank will continue financing Bogotá's First Metro line through the MFD approach (see Annex 9). While the Bank provides the financing, IFC advisory supports in the tendering process for the Metro gauged whether the proposed contract is bankable and commercially feasible. A Bank guarantee assists Colombia in mobilizing private financing to increase electricity generation capacity from non-conventional renewable energy sources. By mitigating off-take and credit risk through the financial intermediary (FDN), the guarantee benefits private investors and lenders of clean energy projects.[39] The Bank and IFC will continue their support to sustainable beef supply chain development for exports to support the GOC's efforts to increase Colombian beef exports and sustainable practices. The MFD program has three components: (i) improving productivity and sustainability practices of cattle ranchers and privately-owned abattoirs interested in gaining access to international markets; (ii) provision of public goods to attract private investment to the sector;[40] and (iii) stronger public-private dialogue about three public policy objectives: sustainability, productivity and competitiveness. Working closely with the Bank and IFC, MIGA will continue to explore opportunities to mobilize private sector finance through its political risk insurance and non-honoring/credit guarantee products.
- **Gender**: Examples include the support to Bogota's Metro Line 1 Project which aims to: (i) improve women's mobility by addressing women safety concerns in public transport, and (ii) contribute to closing the gender gap of women employed in the transport sector.[41] Gender was also a cross-cutting focus of the 2018 policy notes with several featuring concrete policy proposals aimed at closing gender gaps. For example, the policy note on pension reform included an objective to eliminate the gender gap in retirement ages. The policy note on improved access to finance emphasized how finance needs to be expanded by developing financial instruments tailored to un- and under-served segments of society, including women.
- **Climate Change**: The Bank will support the development of an Emissions Trading System aimed at informing decision-making as well as systems for monitoring of Colombia's Nationally Determined Contribution (NDC). In addition, the Bank will support the structuring of public-private projects that support targets in: (i) housing, cities and territory, (ii) energy, and (iii) transport. The Bank will aim to support through policy advisory a series of structural

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[37] The aim is to accompany and accelerate their expansion, modernization and innovation plans. In addition, IFC aims to provide global best practice to help raise academic, operational and sustainable building standards.
[38] In addition, Human Capital formation is also supported through activities in other pillars for example the ones aimed at increased connectivity and improved access to infrastructure.
[39] The private capital mobilization ratio of the IBRD/CTF guarantee is 1:9 (IBRD/CTF guarantee size by expected capital amount.
[40] For example, admissibility to new markets through "sanitary diplomacy", sanitary standards, traceability, veterinary and laboratory services, extension services, infrastructure.
[41] Only about 15 percent of employees are women according to the International Labor Organization in 2018.

reforms in the energy sector.[42] The Bank will similarly aim to support through policy advisory a program of structural reforms in the logistics and connectivity sectors.[43] IFC is searching for opportunities to promote and fund large scale renewable energy projects and is exploring investments in electric mobility to foster new business-models innovation. IFC also pursues further work with firms in manufacturing, specifically transport logistics and waste management. In addition, while MSME finance remains a relevant component of deepening financial intermediation, the local market has evolved, and financial intermediaries now seek IFC funding and expertise for climate finance. The results framework will be adjusted by substituting the MSME finance indicator in Objective 7 with a GHG emissions indicator to reflect the increased focus on climate finance.

- **Other areas:** *Fiscal and Public Financial Management:* The Bank will continue to support public financial management reform efforts, including budget unification, programmatic budgeting and integration and modernization of public financial information systems and support a reform of the *Sistema General de Regalías*. It may carry out a study to assess inefficiencies in public spending and help identify opportunities for fiscal savings which may include modeling different scenarios for pension reform and its fiscal impact. It may also provide financing for the modernization and strengthening of the tax administration—including human resources, information systems and processes—with the goal to make tax collection more efficient. *Productivity and Economic Diversification:* The Bank will identify key reform priorities for Colombia in those areas where it currently lags vis-à-vis other countries in the Bank's *Doing Business* report. In addition, the Bank will focus on further improving competition policy at subnational and sectoral level, strengthening entrepreneurship, improving the investment climate and boosting formalization through ASA and potential policy-based financing. *Financial Development:* The Bank will support Colombia's capital commission to, among others, mobilize capital market financing for infrastructure and help develop financial solutions in the renewable and transportation sectors which may include support to the issuance of Colombia's first sovereign green bond. IFC will explore opportunities to support banks and non-bank financial institutions in their digital transformation processes, through advisory services. It will also seek more engagement with the emerging fintech sector as it evolves. *Sustainable Cities:* IFC and the Bank will jointly support the development of competitive and sustainable cities. The Bank will aim to support the GOC's home improvement program, targeting up to 600,000 households with sustainable home improvement solutions. The Bank will also aim to support the GOC in developing policy and financial instruments for resilient cities. Additionally, the Bank will aim to support: (i) the development of modern land use plans and cadaster systems in medium sized cities; (ii) the roll out of innovative land-based financial instruments at the city level; (iii) the integration of transit-oriented development (TOD) into urban transit systems; (iv) the structuring of regional scale water and sanitation concessions; and, jointly with the IFC, (v) the development of policy and operational models for electric fleet modernization in urban transit systems. IFC will engage with local creditworthy governments in tackling their most pressing infrastructure needs by: (i) improving and diversifying access to financing; and (ii) promoting technically

[42] This includes: (i) institutional reform and regulation; (ii) decentralization, digitalization and efficient demand management; (iii) universal access and subsidy reform; (iv) sector competitiveness; and (v) gas sector reform.
[43] This includes: (i) sector institutional restructuring; (ii) multimodal development (i.e. new legal frameworks for ports, airports and rail with the few to increase private sector participation); (iii) cargo fleet modernization; and (iv) urban mobility.

sound, cost effective, and climate friendly solutions. IFC's partnership with cities in Colombia will have a signaling effect, to demonstrate that the cities are accessing new sources of financing, and that they have IFC as a strategic partner and advisor in their ambitions to be green, inclusive, and safe cities. The results framework will be adjusted, by adding an indicator for Objective 8 (number of beneficiaries of IFC subnational finance projects). In *PPPs* IFC will continue its business development effort in sectors such as water and sanitation, and transport. It will also focus on collaborating with the National Planning Department's (DNP) PPP unit to transfer best practices and provide assistance with projects that it is currently supporting.

51. **Constructing Peace:** The CPF established constructing peace as a cross-cutting pillar. The Multipurpose Cadaster program will be a critical tool in the stabilization process by improving the transparency of land management and tenancy. The Bank might also support a national community-driven program aiming at (re-)establishing livelihoods and access to services and markets. The Bank is also exploring support for a community-driven development program targeting high priority municipalities under the peace process with a focus on strengthening local community institutions, community-based implementation of small-scale productive, infrastructure and social projects and land titling as part of an integrated strategy supporting illegal crop substitution. The Bank will also look to support national sector programs for rural water supply, rural electrification, rural roads and agriculture productivity.

VI. RISKS TO THE CPF PROGRAM

52. **The overall risk to achieving the CPF Objectives remains Moderate.** Risks being assessed as substantial concern project implementation on the subnational level including issues related to weak institutional capacity and a challenging operating environment. Security risks remain substantial and a new risk factor is associated with the migration inflow from Venezuela.

Table 2: Risks to the Colombia CPF Program

Risk Categories	Rating
1. Political and governance	M
2. Macroeconomic	M
3. Sector strategies and policies	L
4. Technical design of project or program	S
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	M
7. Environment and social	M
8. Stakeholders	L
9. Others: Security; Migration; MFD	S
Overall	**M**

(H: High; S: Substantial; M: Moderate; L: Low)

53. **Risks for technical designs of projects and institutional capacity for implementation on the subnational level remain substantial.** As the CPF pointed out, risks on the subnational level are associated with: (i) the local political economy, (ii) weak institutional capacity and (iii) a challenging operating environment. Some of the impact of these risks materialized during the first half of the CPF period, including delays in preparation time, implementation delays due to

insufficient capacity to manage procurement and overall project management particularly for projects in the Pacific region. But the mitigation measures—greater emphasis on addressing issues of conflict and displacement, building subnational capacity, taking into account lessons learned from other projects—that the CPF identified continue to remain valid and can yield positive outcomes. For example, a long-time problem project in the department of La Guajira managed to close with satisfactory outcomes after almost 11 years of implementation. The Bank will continue to build on lessons learned from implementing projects on the subnational level and include them into the design and implementation of new projects.

54. **Security risks as well as risks associated with increased migration flows are rated substantial.** In the context of the implementation of the post-conflict agenda security risks increased in some areas previously controlled by the FARC and where Bank-financed projects are under implementation. The Bank is working actively to address these risks by continuing to implement the cross-cutting CPF focus on constructing peace and training Bank staff in how to work in insecure areas. The surge in migration inflows could negatively impact some CPF objectives including the one on fiscal consolidation given the fiscal implications of the crisis and could also divert fiscal resources from other areas that the Bank is supporting. Bank efforts, for example through the policy actions supported in the proposed Second Fiscal Sustainability, Competitiveness, and Migration DPF, are geared at mitigating these risks.

55. **Given its experience with the execution of the 4G program, the WBG has identified several risks to the implementation of the MFD agenda in the infrastructure sectors which is overall rated substantial.** They include the following: (i) market structure, related to concentration of the banking sector and of the funding that goes into infrastructure projects; (ii) FDN's ability to continue implementing an ambitious program; (iii) uncertainty regarding contract enforcement, termination clauses and debt repayment in case of sponsor integrity issues, which reduces the number of commercial and institutional investors willing to channel funds to the sector; and (iv) a number of specific additional risks to MFD implementation in infrastructure related to: (a) local financial institutions' willingness to fund infrastructure given sector limits; (b) the possible failure of renewable energy auctions to attract additional interested players; (c) the ability to adjust as problems that constrain private sector participation arise; and (d) limits on future budget commitments (*Vigencias Futuras*) which might constrain government's availability to engage in large infrastructure projects.[44] The WBG will continue offering advice and support to government authorities in following good practice corporate governance procedures in government-owned institutions, building capacity, sharing best international practice, and playing a role of honest broker when issues arise so balanced solutions are implemented.

[44] The June 2017 CONPES 3888 defined annual limits for the authorization of Vigencias Futuras for PPPs (VF-PPP), which will increase gradually to 0.4 percent of GDP by 2020, from 0.05 percent of GDP in 2015. The maximum limits authorized for VF-PPP are revised annually as part of the exercise to ensure the non-financial public sector primary surplus consistent with the macroeconomic program. The CONPES defines the sectors that are allocated VF-PPPS and sets the annual limit for each sector.

Annex 1. Updated CPF Results Matrix

PILLAR 1: FOSTERING BALANCED TERRITORIAL DEVELOPMENT	
CPF Objective 1: Strengthened Public Management Capacity to Support Territorial Development	
CPF Objective Indicators	WBG Program
Beneficiary municipalities with updated long-term planning instruments Baseline 2018: a new methodology for Land Use Plans has been developed Target 2021: 50 Territorial Land Use Plans formulated according to the new methodology Review of the current institutional frameworks and evaluation of potential reforms for post-conflict Baseline 2015: no evaluation Target 2018: at least two recommendations provided Framework for implementation of collective reparation projects validated and adopted by the Victims Unit Baseline 2015: no framework Target 2018: validated and implemented	Ongoing Financing (incl. IFC investments) ▪ Subnational Institutional Strengthening Project (P123879) ▪ Collective Reparation for Victims through Social Reconstruction Project (P148552) ▪ Multipurpose Cadaster Project (P162594) Ongoing ASA (incl. joint WB-IFC) ▪ Public Sector Management and Governance AA (P162068) ▪ IE Subnational Institutional Strengthening (P156608) Closed during CPF Period Financing ▪ Territorial Development Policy Loan (P158520) ASA ▪ Public Sector in Colombia PA (P143384) ▪ Technical Assistance to the Preparation of the Colombia Rapid Response Plan (P156804)
CPF Objective 2: Enhanced Capacity for Natural Resource Management in Target Regions	
CPF Objective Indicators	WBG Program
Area newly brought under environmentally friendly cattle ranching production (silvopastoral livestock) systems Baseline 2015: 25,000 ha Target 2020: 63,000 ha Areas of environmental significance brought under protection measures in target areas of the Amazon region Baseline 2014: 0 Target 2021: 4,200,000 ha An integrated water management plan for the Rio Bogota basin elaborated and under implementation Baseline 2015: 0 Target 2019: plan under implementation	Ongoing Financing (incl. IFC investments) ▪ Mainstreaming Sustainable Cattle Ranching (P104687) (GEF) plus AF ▪ Forest Conservation and Sustainability in the Heart of the Colombian Amazon GEF (P144271) and AF (P158003) ▪ Sustainable Low-Carbon Development in Orinoquia Region Project (P160680) ▪ Rio Bogota Environmental Recuperation and Flood Control (P111479) Pipeline ▪ Orinoquia Integrated Sustainable Landscapes Project (P167830) Ongoing ASA (incl. joint WB-IFC) ▪ Green Growth and Sustainable Development PA (P161334)

PILLAR 2: ENHANCING SOCIAL INCLUSION AND MOBILITY THROUGH IMPROVED SERVICE DELIVERY	
CPF Objective 3: Improved Access to and Quality of Service Delivery in Target Areas	
CPF Objective Indicators	WBG Program
People provided with access to improved water sources under the *Plan Pazcifico* project, of which %women Baseline 2015: 0 Target 2021: 50,000 of which 50% women IFC: People who have received essential health, nutrition, and population services Baseline 2015: 0. Target 2021: 198,000 Increase in number of Venezuelan migrants on the RAMV (*Registro Adminstrativo de Venezolanos*) that have been issued with a PEP (*Permiso Especial de Permanencia*) Baseline 2015: 0 Target 2020: 280,000 of which 125,000 women	Ongoing Financing (incl. IFC investments) ▪ CO Plan PAZcifico:Water Supply and Basic Sanitation Infrastructure and Service Delivery Project (P156239) ▪ Enhancing Waterway Connectivity and Water Service Provision in Colombia's Plan Pazcifico (P156880) ▪ IFC: Fundación Cardiovascular Hospital, Bucaramanga (IFC 30454) ▪ IFC: Serena del Mar Hospital Infrastructure (IFC 31477) Pipeline ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) Ongoing ASA (incl. joint WB-IFC) ▪ Responding to the Venezuelan Migration Crisis in Colombia (P170117) ▪ Support to increased access to drinking water in rural areas of Colombia (P170323) Closed during CPF Period Financing ▪ La Guajira Water and Sanitation Infrastructure and Service Management Project (P096965) ASA ▪ Analysis of Impacts of Venezuelan Migration in Colombia (P167810)
CPF Objective 4: Improved Access to and Quality of Education	
CPF Objective Indicators	WBG Program
Percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) and % of women benefitting from ACCESS loans Baseline 2012: 58% Women with ACCESS loans 2012: 57% (198,000) Target 2019: 59% or above Women with ACCESS loans: 56% or above Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions Baseline 2015: 23% Target 2021: 33.8% Number of children with access to improved education through IFC PPP Baseline 2015: 0 Target 2021: 21,520	Ongoing Financing (incl. IFC investments) ▪ Access and Quality in Higher Education Project – PACES (P160446) and AF (P166177) Ongoing ASA (incl. joint WB-IFC) ▪ IFC PPP Colombia Schools (600922) ▪ Productivity and Jobs PA (P165596) ▪ Supporting Education Sector Policy in Colombia PA (P169584) Closed during CPF Period Financing ▪ Access with Quality to Higher Education Project – ACCES II SOP Phase 2 (P145782) ASA ▪ The Labor Market Effect of ACCESS (P150191) ▪ RAS-Improve the Tertiary Education Quality Assurance System (P159404)

PILLAR 3: SUPPORTING FISCAL SUSTAINABILITY AND PRODUCTIVITY	
CPF Objective 5: Improved Fiscal Management in Support of Fiscal Consolidation	
CPF Objective Indicators	WBG Program
Increase in non-oil central government tax revenue, excluding the equity tax and surcharge CREE Baseline 2015: 12.4% of GDP Target 2020: 13%	**Pipeline** ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) **Ongoing ASA (incl. joint WB-IFC)** ▪ Colombia Fiscal Consolidation AA (P162055) ▪ Public Sector Management and Governance AA (P162068) **Closed during CPF Period** **Financing** ▪ First Fiscal Sustainability and Competitiveness DPF (P158739) **ASA** ▪ Public Sector in Colombia PA (P143384)
Post-Conflict expenditures accommodated under the Medium-Term Fiscal Framework Baseline 2015: no Target 2017: fully accommodated	
CPF Objective 6: Improved Business Environment and Innovation to Boost Productivity	
CPF Objective Indicators	WBG Program
National competition policy that addressed both trade barriers and non-tradeable sectors designed and under implementation. Baseline 2015: 0 Target 2020: under implementation	**Ongoing Financing (incl. IFC investments)** **Pipeline** ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) **Ongoing ASA (incl. joint WB-IFC)** ▪ Colombia Taxes (IFC 599785) **Closed during CPF Period** **Financing** ▪ First Fiscal Sustainability and Competitiveness DPF (P158739) ▪ Sustained Growth and Income Convergence DPF series (P149609/P154821) **ASA** ▪ PA Colombia Innovation and Competitiveness (P144510)
IFC: Number of firms benefitting from improved tax administration Baseline 2012: 0 Target 2018: 860,000	
CPF Objective 7: Deepened Financial Intermediation for Productive Purposes	
CPF Objective Indicators	WBG Program
IFC: tCO2e per year reduction in GHG emissions from IFC projects Baseline 2018: 0 Target 2021: 241,061 tCO2e per year reduction by 2021 IFC: FDN outstanding portfolio (US$) financing infrastructure Baseline 2014: US$165,000,000 Target 2021: US$1,800,000,000	**Ongoing Financing (incl. IFC investments)** ▪ Support to FDN (IFC 33862) ▪ Bancolombia Green Bond (IFC 38731) ▪ Davivienda Green Bond (IFC 39057) ▪ EPSA Green Bond (IFC 39800) ▪ Findeter (MIGA Project 11861) ▪ Procredit (MIGA Project 9984) **Ongoing ASA (incl joint WB-IFC)** ▪ Infrastructure Advisory (IFC): Colombia Funds (599983)

IFC: Amount of financing allocated to the 4G concessions program by credit institutions Baseline 2013: 0 Target 2021: COP3.4 billion from local banks; COP1.8 billion from FDN and COP7.4 billion from others (including AFPs)	
CPF Objective 8: Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities	
CPF Objective Indicators	WBG Program
Additional population benefitting from improved transportation services in medium-sized cities: Baseline 2015: 0 Target 2020: 150,000	Ongoing Financing (incl. IFC investments) ▪ Support to the National Urban Transit Program (P117947) ▪ Support to the Bogota Metro Line 1 Project (P165300) ▪ Transmicable (IFC 39772) and Transmilenio Caracas Sur (IFC 38347) ▪ Findeter (MIGA Project 11861) Ongoing ASA (incl. joint WB-IFC) ▪ LAC Cities Program (IFC 600891) ▪ Urban and Housing PA (P156821) Closed during CPF Period Financing ▪ Productive and Sustainable Cities DPL II (P145766) ASA ▪ RAS- Metropolitan Mobility Authorities (P154027)
Number of low-income families with access to affordable and safe housing solutions as a result of the new housing scheme for voluntary savings (VIPA) Baseline 2015: 0 Target 2018: 40,000 families (through VIPA; Cities DPL)	
IFC: Number of beneficiaries of IFC subnational finance projects Baseline 2018: 0 Target: 2021: 2,169,000	

Annex 2: Matrix of Changes to original CPF Results Matrix

PILLAR 1: FOSTERING BALANCED TERRITORIAL DEVELOPMENT	
CPF Objective 1: Strengthened Public Management Capacity to Support Territorial Development	
Original CPF Indicators	PLR Changes and Rationale
Fulfillment of Municipal Development Plan Output Goals Baseline 2015: 0 (proxy baseline: avg. 53.8% for municipalities with < 50,000 inhabitants) Target 2021: 75%	Dropped Indicator Indicator will be replaced by new indicator below due to: (i) The scope of the indicator is too broad – it refers to all municipalities and not only beneficiary territorial entities; (ii) the methodology for monitoring outputs does not allow to clearly disentangle the project impact; and (iii) the indicator does not capture well other key project activities focused on developing planning tools such as the development and implementation of the new methodology for Territorial Land Use Plans and the multipurpose cadaster pilots. Project restructuring is currently underway to replace this indicator with a new PDO-level indicator below for the Subnational Institutional Strengthening Project.
Beneficiary municipalities with updated long-term planning instruments Baseline 2018: A new methodology for Land Use Plans has been developed Target 2021: 50 Territorial Land Use Plans formulated according to the new methodology	New Indicator See also explanation above. New PDO-level indicator for the associated project following project restructuring. Indicator is preferable to the previous indicator due to: (i) more precise scope of the indicator focusing on project targeted areas/municipalities; (ii) indicator allows for improved measurement of project contribution; (iii) indicator better captures the actual project activities.
Number of parcels updated in the land cadaster Baseline 2015: 0 Target 2018: 40,000 parcels updated in the cadaster for at least 7 municipalities	Dropped Indicator (On Track) The indicator, while on track, is dropped because it does not directly align with the CPF objective of strengthened public management capacity for which updated parcels in the land cadaster is an indirect outcome. The Subnational Institutional Strengthening Project contributes to this indicator through a pilot activity on land cadaster which supported the design of the FY19 Multipurpose Cadaster Project. But the project's main activities and contribution to the CPF objective are better measured by the new indicator introduced above. In addition, the indicator was dropped to reduce the number of CPF objective indicators under objective 1 from 4 to 3.
CPF Objective 2: Enhanced Capacity for Natural Resource Management in Target Regions	
Original CPF Indicators	PLR Changes and Rationale
Areas of environmental significance brought under protection measures in target areas of the Amazon region Baseline 2014: 0 Target 2019: 2,700,000 ha	Revised Target Target 2021: 4,200,000 ha; Target was revised upward thanks to a significant expansion of the Chiribiquete National Park and thus a significant increase in areas under protection measures.
The effluent discharged by the Salitre Wastewater Treatment Plan meets quality standards for BOD (25mg/L), TSS (28mg/L), and total coliforms (1000 NMP/100ml)	Dropped Indicator

Baseline 2009: BOD 149mg/L, TSS 86mg/L, total coliforms 1.2x10^7NMP Target 2021: BOD:25mg/L, TSS 28mg/L, total coliforms 1000NMP/100ml	Indicators was dropped because of delays in the implementation of component 1 of the Rio Bogota Environmental Recuperation and Flood Control Project focused on expansion and optimization of the Salitre Waste Water Treatment Plant. The main reason for this delay was due to delays in awarding of the contract for the expansion and optimization works which are currently expected to be completed by September 30, 2021, beyond the CPF period. The indicator was therefore replaced by the indicator below from component 2 of the same project but achievable during the CPF period.
An integrated water management plan for the Rio Bogota basin elaborated and under implementation Baseline 2015: 0 Target 2019: plan under implementation	New Indicator New Indicator to replace the dropped indicator. This project indicator from component 2 of the Rio Bogota Environmental Recuperation and Flood Control Project focuses on flood risk management and environmental restauration and is directly aligned with the CPF objective. While there have been delays in the implementation of component 1 as discussed above, implementation of component 2 has progressed without delays.
PILLAR 2: Enhancing Social Inclusion and Mobility through Improved Service Delivery	
CPF Objective 3: Improved Access to and Quality of Service Delivery in Target Areas	
Original CPF Indicators	PLR Changes and Rationale
Number of poor households in cities with population greater than 100,000 residents that are connected to neighborhood water and sanitation networks through availing connection subsidy Baseline 2015:14,255 Target 2018: 30,000	Dropped Indicator (Achieved) Indicator, while achieved, was dropped because the associated project (the La Guajira Water and Sanitation Infrastructure and Service Management Project) closed in 2018. In addition, indicator was dropped to reduce the number of CPF objective indicators under objective 3 from 5 to 3.
Number of municipalities disposing solid waste in sanitary landfills according to the legal framework. Baseline 2015: 874 Target 2018: 916	Dropped Indicator (Achieved) Indicator, while achieved, was dropped because the associated project (the La Guajira Water and Sanitation Infrastructure and Service Management Project) closed in 2018. In addition, indicator was dropped to reduce the number of CPF objective indicators under objective 3 from 5 to 3.
Sewerage infrastructure coverage in participating municipalities in La Guajira Baseline 2010: 50% Target 2017: 78%	Dropped Indicator (Achieved) Indicator, while achieved, was dropped because the associated project (the La Guajira Water and Sanitation Infrastructure and Service Management Project) closed in 2018. In addition, indicator was dropped to reduce the number of CPF objective indicators under objective 3 from 5 to 3.
People provided with access to improved water sources under the *Plan Pazcifico* project, of which %women Baseline 2015: 0 Target 2021: 200,000 of which 50% women	Revised Target Target 2021: 50,000 of which 50% women Target was revised downward. While project implementation is on track there are delays due to reasons outlined in the PLR, which include: (i) high levels of insecurity in the project areas; (ii) very low levels of capacity in a some of the most lagging

	regions in Colombia. The original target will therefore only be achievable beyond the CPF period but tangible progress is expected by 2021.
Increase in number of Venezuelan migrants on the RAMV (*Registro Adminstrativo de Venezolanos*) that have been issued with a PEP (*Permiso Especial de Permanencia*) Baseline 2015: 0 Target 2020: 280,000 of which 125,000 women	New Indicator New Indicator to represent changing country circumstances and focus of CPF program under objective 3. Migrants that have been registered in the RAMV and issued PEPs are able to work and access services legally, including the registration in the subsidized health care system, particularly benefitting populations with high health risks, such as pregnant women. The indicator is therefore directly aligned and in support of the CPF objective.
Old indicator IFC: People who have received essential health, nutrition, and population services (*Fundacion Cardio Vascular)* Baseline 2015: 0. Target 2018: 76,000 New indicator IFC: People who have received essential health, nutrition, and population services Baseline 2015: 0. Target (2021): 198,000	Revised Indicator and Target Target (2021): 198,000 The target was surpassed in 2017. It was revised upward, also taking into account that a new IFC project in the health sector is expected to deliver results by 2021
CPF Objective 4: Improved Access to and Quality of Education	
Original CPF Indicators	PLR Changes and Rationale
Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions Baseline 2015: 23% Target 2021: 33.8%	New Indicator New Indicator to reflect the quality dimension of the CPF objective and the associated ongoing program under the Access and Quality in Higher Education Project. As pointed out in the PLR, following its focus on access during the beginning of the CPF the Bank has increasingly shifted its focus on quality of education. The new indicator covers access of disadvantaged students as well as the quality—official accreditation being the most objective measurement for quality of a program or institution—of the education that students receive.
Number of job placements achieved through the new system of which women Baseline 2013: 166,000 Target 2018: 315,000	Dropped Indicator (Achieved) Indicator, while achieved, was dropped because the associated project, the Access with Quality to Higher Education Project – ACCES II SOP Phase 2 Project, closed and the indicator was replaced by the indicator above which: (i) is from an ongoing project; (ii) focuses on quality; (iii) has a target by the end of the CPF. In addition, the indicator was dropped to keep the CPF objective indicators under objective 4 at 3 indicators total.
Percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) and % of women benefitting from ACCESS loans. Baseline 2015: 59% Women with ACCESS loans 2015: 56% (129,600) Target 2019: 59% or above	Revised Baseline The baseline was lower than initially estimated, i.e. 58% in 2012 with women with ACCESS loans at 57% percent (198,000) in 2012.

Women with ACCESS loans: maintain at 56%	
Number of children with access to improved education through IFC PPP Baseline 2015: 0 Target 2020: 48,000	Revised Target Target 2021: 21,520 students Target was revised downward. The program's scope was redefined and reduced by the Ministry of Education. Cartagena, the third city that was originally included, and municipalities in the department of Antioquia were dropped. Approvals of the legal and financial conditions have been given by the Ministry of Finance for Medellin's transaction and Barranquilla's is expected to be obtained soon. The project is expected to be launched to bidding process in April 2019.
Pillar 3: Supporting Fiscal Sustainability and Productivity	
CPF Objective 5: Improved Management in Support of Fiscal Consolidation	
Original CPF Indicators	PLR Changes and Rationale
Old Indicator: Increase in non-oil tax revenue. Baseline 2015: 13.7% of GDP [est.]. Target 2019: 14.7%. Revised Indicator: Increase in non-oil central government tax revenue, excluding the equity tax and surcharge CREE Baseline 2015: 12.4% of GDP Target 2020: 13%	Revised Indicator, Baseline and Target Indicator reformulated. Baseline changed from estimate to actual. Target adjusted due to changes in country context. Non-oil tax revenues declined from 13.9 percent of GDP in 2015 to an estimated 13.6 percent of GDP in 2017 due to weaker-than-expected economic growth, including lower import levels and lower private consumption, a decline in international trade related tax revenues and the decline in the corporate tax burden through the phasing out of tax for equity surcharge for corporations.
CPF Objective 6: Improved Business Environment and Innovation to Boost Productivity	
Original CPF Indicators	PLR Changes and Rationale
Share of budgeted tax benefits for science, technology and innovation effectively used by firms. Baseline 2013: 16 percent of budget resources Target 2018: 50 percent of budget resources	Dropped Indicator (Achieved) Indicator, while achieved, was dropped because the Sustained Growth and Income Convergence DPF series which contributed to this indicator closed in 2018 and the Bank does no longer contribute to further progress under the indicator for the rest of the CPF period. In addition, the indicator was dropped to reduce the CPF objective indicators under objective 6 from 3 to 2.
Old Indicator: Number of SMEs benefitting from improved tax registration Baseline 2012: 0 Target 2018: 860,000 Revised Indicator: Number of firms benefitting from improved tax administration Baseline 2012: 0 Target 2018: 860,000	Revised Indicator Changed the indicator name to reflect the indicator that is monitored by the underlying project and for which a target was set at the onset It measures the number of firms that benefited from the tax reforms recommended by the project. Note that the SME indicator was not part of the project results framework and the target number in the CPF corresponded to another similar indicator.
CPF Objective 7: Deepened Financial Intermediation for Productive Purposes	
IFC: People and SMEs reached with financial services (number) Baseline 2014: 1.5 million Target 2019: 2.1 million	Dropped Indicators Both indicators related to MSME finance replaced for indicator relevant for the strategy on financial intermediation in Colombia. While MSME finance remains a

IFC: Volume of outstanding loans (US$) Baseline 2014: 9, 000 million Target 2019: 24,000 million	component of deepening financial intermediation, the local market has evolved, and clients now seek IFC resources and expertise for climate finance (e.g. green bonds)
IFC: tCO2e per year reduction in GHG emissions from IFC projects Baseline 2018: 0 Target 2021: 241,061 tCO2e per year reduction by 2021	New Indicator New Indicator to reflect the strategic objective of climate finance for IFC in the country
Old Indicator: FDN outstanding portfolio (US$) financing infrastructure Baseline 2014: US$165,000,000 Target 2019: US$1,900,000,000 New Indicator: FDN outstanding portfolio (US$) financing infrastructure Baseline 2014: US$165,000,000 Target 2021: US$1,800,000,000	Revised baseline and target Indicator adjusted as numbers were off by a factor of 1,000. Target for 2021 was revised downward due to over estimation taken from the base case scenarios projections provided by FDN.
Old Indicator: Amount of financing allocated to the 4G concessions program by credit institutions Baseline 2013: 0 Target 2018: COP6.5 billion from banks, COP 2 billion from FDN, and COP 1.5 billion from AFPs New Indicator: Amount of financing allocated to the 4G concessions program by credit institutions Baseline 2013: 0 Target 2021: COP3.4 billion from local banks; COP1.8 billion from FDN and COP7.4 billion from others (including AFPs)	Revised Indicator This indicator will be adjusted, given the disaggregated data produced by FDN incorporates AFP participation in debt funds along with other institutional investors.
CPF Objective 8: Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities	
Original CPF Indicators	PLR Changes and Rationale
Number of beneficiaries of IFC subnational finance: Baseline 2018: 0 Target 2021: 2,169,000	New Indicator New indicator for subnational finance (IFC Cities) based upon following beneficiary targets: Transmicable (IFC 39772) 669,000 and Transmilenio Caracas Sur (IFC 38347) 1,500,000
Old Indicator: Number of new affordable homes constructed enabled by IFC support and number of low-income families with access to affordable and safe housing solutions as a result of the new housing scheme for voluntary savings (VIPA) Baseline 2015: 0 Target 2018: (i) 2,500 affordable new homes (IFC), (ii) 40,000 families (through VIPA; Cities DPL) New Indicator: Number of low-income families with access to affordable and safe housing solutions as a result of the new housing scheme for voluntary savings (VIPA) Baseline 2015: 0 Target 2018: 40,000 families (through VIPA; Cities DPL)	Revised Indicator Number of New affordable homes constructed enabled by IFC support was dropped. Indicator has no strategic relevance for IFC.

Annex 3: Summary of Progress towards CPF Outcomes

PILLAR 1: FOSTERING BALANCED TERRITORIAL DEVELOPMENT	
CPF Objective Indicators	Status
CPF Objective 1: Strengthened Public Management Capacity to Support Territorial Development	
Fulfillment of Municipal Development Plan Output Goals Baseline 2015: 0 (proxy baseline: avg. 53.8% for municipalities with < 50,000 inhabitants) Target 2021: 75%	On Track 74% as of February 2018. But indicator does not capture adequately project activities and will be replaced.
Review of the current institutional frameworks and evaluation of potential reforms for post-conflict Baseline 2015: no evaluation Target 2018: at least two recommendations provided	Achieved Select recommendations on potential reforms included (i) the development of a framework for understanding key aspects of the peace-building exercise in Colombia in the context of societal transition from armed conflict to sustainable peace; (ii) a technical review of the reintegration policy and approach in Colombia; and (iii) a study on crime and violence in the aftermath of an armed-conflict and how public policy can effectively address post-conflict violence.
Framework for implementation of collective reparation projects validated and adopted by the Victims Unit Baseline2015: no framework Target 2018: validated and implemented	Achieved The framework was finalized, validated and adopted by the VU in December 2017.
Number of parcels updated in the land cadaster Baseline 2015: 0 Target 2018: 40,000 parcels updated in the cadaster for at least 7 municipalities	On Track The multi-purpose land cadaster has begun implementation in 10 pilot municipalities. Nearly 80 percent of the 40,517 properties in the 10 participating municipalities have been assessed.
Supplementary Progress Indicators	Status
The Subnational Government's integrated financial control model has been designed and approved by Ministry of Finance and National Planning Department. Baseline 2015: no integrated model Target 2018: designed, approved, and under implementation	Off Track Design completed as of September 2018 but the control model integration into the TMM is delayed.
Territorial Management Model approved Baseline 2015: no framework has been agreed on Target 2018: TMM approved and Standard Operations Manual defined	Off Track The implementation strategy for the TMM has shifted towards the structuring of framework agreements. Overall, TMM implementation has been delayed.
CPF Objective 2: Enhanced Capacity for Natural Resource Management in Target Regions	
CPF Objective Indicators	Status
Area newly brought under environmentally friendly cattle ranching production (silvopastoral livestock) systems Baseline 2015: 25,000 ha Target 2020: 63,000 ha	Achieved 77,238 ha as of April 2018

Areas of environmental significance brought under protection measures in target areas of the Amazon region Baseline 2014: 0 Target 2019: 2,700,000 ha	Achieved 4,269,041 ha as of November 2018
The effluent discharged by the Salitre Wastewater Treatment Plant meets quality standards for BOD (25mg/L), TSS (28mg/L), and total coliforms (1000 NMP/100ml) Baseline 2009: BOD 149mg/L, TSS 86mg/L, total coliforms 1.2x10^7NMP Target 2021: BOD:25mg/L, TSS 28mg/L, total coliforms 1000NMP/100ml	Off Track Indicators will only be achieved once the Salitre Waste Water Treatment Plant expansion and optimization works are completed, which is currently expected by September 30, 2021 beyond the period of the CPF.
Supplementary Progress Indicators	Status
Capacity of government and indigenous authorities for sustainable management, monitoring and/or enforcement of the Amazon frontier, including capacity to account for GHG emissions Baseline 2014: low Target 2019: high	Off Track (revised target) Low as of April 2018 Target 2021: medium
An integrated water management plan for the Rio Bogota basin elaborated and under implementation Baseline 2015: 0 Target 2019: plan under implementation	Achieved Plan developed and under implementation since December 2017.
Disaster risk management measures mainstreamed in agriculture, housing, and transport programs and under implementation Baseline 2015: 0 Target 2018: 3 Strategic Sectoral Agendas	On Track Work ongoing on mainstreaming DRM into the country's housing agenda.
PILLAR 2: Enhancing Social Inclusion and Mobility through Improved Service Delivery	
CPF Objective 3: Improved Access to and Quality of Service Delivery in Target Areas	
CPF Objective Indicators	Status
Number of poor households in cities with population greater than 100,000 residents that are connected to neighborhood water and sanitation networks through availing connection subsidy, of which are women Baseline 2015:14,255 Target 2018: 30,000	Achieved 30,159 as of December 2015 but indicator was not gender-disaggregated
Number of municipalities disposing solid waste in sanitary landfills according to the legal framework. Baseline 2015: 874 Target 2018: 916	Achieved 966 by December 2018
People provided with access to improved water sources under the *Plan Pazcifico* project, of which %women Baseline 2015: 0 Target 2021: 200,000 of which 50% women	On Track (revised target) 0 as of December 2018. Project implementation is progressing but with delays due to reasons outlined in the PLR, which include: (i) high levels of insecurity in the project areas; (ii) very low levels of capacity in a some of the most lagging regions in Colombia.

Sewerage infrastructure coverage in participating municipalities in La Guajira Baseline 2010: 50% Target 2017: 78%	Achieved 80% coverage as of June 2018 (at project closing).
IFC: People who have received essential health, nutrition, and population services (*Fundacion Cardio Vascular)* Baseline 2015: 0. Target 2018: 76,000	Achieved 105,587 in 2017
Supplementary Progress Indicators	Status
Number of social spending databases with inter-operability Baseline 2015: 0 Target 2020: 3	On Track While zero to date, progress is on track. Improved indicator formulation is number of registries with which Sisben has implemented database interoperability
Modernized poverty and social mobility measurement methods developed Baseline 2015: only poverty measurement. Target 2019: methodology to monitor socioeconomic groups (poor, vulnerable, and middle class) developed	Achieved Methodology developed in 2016. Adopted and implemented by DNP and the Department of Social Prosperity.
Supersalud risk-based supervision model for the health sector implemented Baseline 2015: under development Target 2020: implemented	Achieved Model being implemented by *Supersalud* (Resolution 4559) as of October 2018
Number of rural reservoirs constructed in the La Guajira department, benefitting mostly indigenous populations Baseline 2012: 0 Target: 2017: 11	Partially Achieved Project target revised to 8 in April 2016. 10 constructed as of June 2018 (at project closing).
Continuity of water supply in participating municipalities in La Guajira Baseline 2010: 8 hrs/day Target 2017: 15 hrs/day	Not Achieved 11.4 hrs/day reached as of June 2018 (at project closing).
CPF Objective 4: Improved Access to and Quality of Education	
CPF Objective Indicators	Status
Percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) and % of women benefitting from ACCESS loans. Baseline 2015: 59% Women with ACCESS loans 2015: 56% (129,600) Target 2019: 59% or above Women with ACCESS loans: maintain at 56%	Achieved Percentage of new students enrolled from families earning less than twice the minimum salary was 64.4% as of December 2017 (at project completion) and women with Access loans 57.6%. The baseline was lower than estimated, i.e. 58% in 2012.
Number of job placements achieved through the new system of which women Baseline 2013: 166,000 Target 2018: 315,000	Achieved 1.8 million in June 2018 but indicator was not gender disaggregated
IFC: Number of children with access to improved education through IFC PPP Baseline 2015: 0	On Track (revised target)

Target 2020: 48,000	Although target had to be revised downward as explained in Annex 2, schools are being built but are not operational yet. Project is progressing, but scope was reduced.
Supplementary Progress Indicators	Status
Recommendations delivered on how to expand the reach of services provided by Public Employment Services by 2018	Achieved In addition, the Bank supported implementation of these recommendations as prior actions in a DPF series
Number of persons occupationally oriented and referred to management and placement services Baseline 2013: 386,910 Target 2018: 1,120,000	Achieved 3.3 million in 2014-2017
Information System for Management of Unemployment Services (*Mecanismo de Proteccion al Cesante*) implemented Baseline 2015: No system Target 2017: Functioning system	Achieved Information systems of all public and private labor intermediation services integrated and functioning
PILLAR 3: SUPPORTING FISCAL SUSTAINABILITY AND PRODUCTIVITY	
CPF Objective 5: Improved Fiscal Management in Support of Fiscal Consolidation	
CPF Objective Indicators	Status
Increase in non-oil tax revenue. Baseline 2015: 13.7% of GDP [est.]. Target 2019: 14.7%.	On Track (revised baseline/target) Estimated 13.6 percent in 2017 baseline in 2015 was 12.4%
Post-Conflict expenditures accommodated under the Medium-Term Fiscal Framework (MTFF) Baseline 2015: no Target 2017: fully accommodated	Achieved The 2017 MTFF estimated investment needs for post-conflict expenditures including with respect to "national activities" such as the multipurpose cadaster, improvements in the electoral system, campaign against illicit drugs consumption, etc. or infrastructure and social services investments in prioritized municipalities. Compliance with the Fiscal Rule, Medium term Spending Framework and the Multi-annual Investment Plan limit the resources the National Budget can assig to post-conflict expenditures but over 35 percent of post-conflict expenditures are financed through the national budget with the remainder coming from other sources (e.g. general system of participations, royalties, international cooperation, etc.).
Supplementary Progress Indicators	Status
Rapid Response Plan costing exercise completed Baseline 2015: no plan Target 2016: completed	Achieved
Methodology on Spending Reviews carried out and applied in up to two pilot sectors by 2019	On Track Methodology for design and implementation of spending review was carried out and delivered in March 2018; implementation in pilot sectors is ongoing.

CPF Objective 6: Improved Business Environment and Innovation to Boost Productivity	
CPF Objective Indicators	Status
National competition policy that addressed both trade barriers and non-tradeable sectors designed and under implementation. Baseline 2015: 0 Target 2020: under implementation	On Track
IFC: Number of SMEs benefitting from improved tax registration Baseline 2012: 0 Target 2018: 860,000	On Track 261,855 as of Oct 2018 Figure from data provided by DIAN, but project is monitoring a slightly different indicator (see Annex 2). There are indications that the number of firms that benefit from improved tax administration is on track and will be available once the post completion activities, which include an assessment of the program are initiated.
Share of budgeted tax benefits for science, technology and innovation effectively used by firms. Baseline 2013: 16 percent of budget resources Target 2018: 50 percent of budget resources	Achieved In 2016 and 2017, 100 percent of the budgeted resources were used by firms (US$ 175 million and US$210 million respectively)
Supplementary Progress Indictors	Status
Public Expenditure Review on Innovation completed, recommendations delivered and feeding into policy reform on Innovation by 2019	Achieved PER completed and National Development Plan requires to use PER to inform decisions to revise public investments and programs in innovation
CPF Objective 7: Deepened Financial Intermediation for Productive Purposes	
CPF Objective Indicators	Status
IFC: People and MSMEs reached with financial services (number) Baseline 2014: 1.5 million Target 2019: 2.1 million	On Track 1.98 million in 2017
IFC: Volume of outstanding loans (US$) Baseline 2014: 9.1 million Target 2019: 24 million	Off Track US$9,152 million as of 2017. The deceleration of economic growth in 2017 caused an increase in non-performing loans, especially in the micro and consumer finance segments. The resulting write-offs led to a decrease in the loan portfolio in these market segments and to more stringent underwriting criteria. In addition, the target for 2019 included 2 operations that did not contribute to MSME finance and one that closed in 2014.
IFC: FDN outstanding portfolio (US$) financing infrastructure Baseline 2014: US$165,000,000 Target 2019: US$1,900,000,000	Off Track US$278,000,000 as of August 2018, per FDN's financial statements Despite the GoC's support to the development of the infrastructure sector through FDN, the company has faced challenges that generated delays in the deployment of its business plan and caused a slower than expected ramp-up of the loan portfolio. These include (i) delays in the awarding process of projects, (ii) high concentration of

<table>
<tr><td></td><td>projects among local sponsors, (iii) lack of sponsors with strong financial capacity, (iv) local banks reaching the maximum exposure limits to sponsors, (v) few banks participating in the financing of projects, (vi) local institutional investors i.e. large pension funds, are owned by the same economic groups as the banks, and the funds look at combined exposures as opposed to individual ones, which leads to reduced appetite for investments, (vii) international banks lack the ability to provide longer tenors needed, (viii) lack of deep currency swap markets (which reduces the availability of local currency loans for construction companies and sponsors), and (ix) integrity issues related to Odebrecht's corruption scandal that have generated lack of confidence among the local banks.</td></tr>
<tr><td>Amount of financing allocated to the 4G concessions program by credit institutions
<u>Baseline 2013</u>: 0
<u>Target 2018</u>: COP6.5 billion from banks, COP 2 billion from FDN, and COP 1.5 billion from AFPs</td><td>Achieved (revised target)
The breakdown of results for the 14 financial closings through 2018 is:

<table><tr><td></td><td>COP BN*</td><td></td></tr><tr><td>Local Banks</td><td>7.8</td><td>39%</td></tr><tr><td>FDN</td><td>2.6</td><td>13%</td></tr><tr><td>Others</td><td>9.6</td><td>48%</td></tr><tr><td>Total</td><td>20.0</td><td>100%</td></tr></table>*Colombian custom is COP Billion = 10^12 (trillion in US convention)

Others include multilaterals, institutional investors, and pension funds (AFPs) through private debt funds.</td></tr>
<tr><td>Supplementary Progress Indictors</td><td>Status</td></tr>
<tr><td>All regulations required for the implementation of the secured transactions reform have been issued and a product has been developed to grant credit against collateral based on mobile assets</td><td>Achieved
At total of 4 regulation and/or reforms have been implemented</td></tr>
<tr><td colspan="2">CPF Objective 8: Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities</td></tr>
<tr><td>CPF Objective Indicators</td><td>Status</td></tr>
<tr><td>Additional population benefitting from improved transportation services in medium-sized cities:
Baseline 2015: 0
Target 2020: 150,000</td><td>On Track
Project implementation underway but improved transportation services have not yet started to operate in any of the participating medium-sized cities.</td></tr>
<tr><td>Number of new affordable homes constructed enabled by IFC support and number of low-income families with access to affordable and safe housing solutions as a result of the new housing scheme for voluntary savings (VIPA)
Baseline 2015: 0
Target 2018: (i) 2,500 affordable new homes (IFC), (ii) 40,000 families (through VIPA; Cities DPL)</td><td>Achieved (revised target)
Target was adjusted to 10,000 families
Achieved 35,000 families as of December 2016 (end of DPL series/date of ICR)

IFC does not track the new affordable homes indicator which will be dropped (see Annex 2).</td></tr>
</table>

Supplementary Progress Indictors	Status
The National Statistical Department (DANE) has established the methodology to develop statistics at agglomeration level using the methodology and definition developed under the *Misión Ciudades* and consistent with OECD standards by 2019.	Achieved

Annex 4: World Bank Assessment on Migration from Venezuela

1. On November 2, 2018 the World Bank presented jointly with President Duque a study on the impact and policy options of the migration from Venezuela for Colombia. The joint Report, titled "Migration from Venezuela to Colombia: Impacts and Strategy for Response in the Short and Mid-Term", outlines a multi-sectoral framework to support migrants and mitigate the impacts on host communities.

2. The Report offers a framework for response, with four guiding principles: (i) multi-sectoral – responding in a holistic, coordinated and integrated manner across the different sectors in which impacts are registered; (ii) multi-population – addressing impacts and vulnerabilities brought about by the migration in both host communities and migrants; (iii) multi-phased – focused on short-term humanitarian needs and long-term developmental challenges; and (iv) multi-level – acting at the local (host areas), national and regional level.

3. The Report offers policy and programmatic recommendations organized around four pillars: (i) institutional and policy responses, including set-up of a presidential coordination unit, developing a legal framework for the regularization and economic and social inclusion of migrants; (ii) responses to mitigate the impact in host areas (i.e. expansion of service provision and social protection programs to off-set local labor market impacts); (iii) responses to mitigate the impact among migrants (i.e. anti-xenophobia campaigns, preventing forced recruitment, human trafficking and sexual exploitation); and (iv) creation of an enabling environment for action: through dialogue at the local, national and regional levels.

Annex 5: Colombia Gender Gaps

1. **Despite the progress registered in the development of a comprehensive legal and institutional framework for gender equality in Colombia, legal barriers to women's full inclusion in all areas of life persist.** The Women, Business and the Law ranking indicates that while the country has made important advances in the areas of access to institutions and using property, there is still room for improvement with regards to access to employment and incentives to work, access to justice and finance and in protecting women from violence.

2. **In terms of endowments, Colombia has made important progress in the area of health.** No significant gaps can be identified in this area: Maternal Mortality Rates (MMRs) are comparatively low, and access to (quality) maternal services high. The share of women who report having their first intercourse before they turned 18 years old has increased substantially in recent years, and especially so in rural areas – from 41 to 48 percent between 2000 and 2015. However, adolescent fertility rates have decreased over time. While no important differences are observed in terms of contraceptive use between urban and rural areas, the reasons for not using contraception show a higher prevalence of patriarchal social norms among rural youth. The use of contraception is much lower among women without education. A very high 39 percent of women who use contraception report having been sterilized.

3. **No major gender gaps are identified in education, but in the transition to work.** The gaps in enrolment are almost negligible, while a small reverse gender gap is observed in attainment at the secondary and higher educational levels. Gender segregation by field of study exists, but it is not as marked as in most OECD countries. However, the share of women Not in Education, Employment, or Training (NEETs; youth ages 16-24 out-of-school and not working) is twice that of men: In 2017, 33.6 percent of women that age were NEETs compared to 14.2 of men. The percentage of women NEETs is nearly 5 times that of men in rural areas (48 percent of women compared to 10 percent of young men in 2017).

4. **Further related to economic opportunity, it is noteworthy that female labor force participation rates are higher than the regional average.** However, in 2017, women's labor force participation was 20 percentage points lower than that of men. In addition, differences in unemployment are substantial: Women's unemployment rate in Colombia is nearly 15 percent, compared to the regional average of 8 percent,[45] while women's unemployment rate is 5 percentage points higher than men's. Having a professional degree decreases the duration of unemployment for men and women, but the change is larger for women. Although the quality of employment does not differ much between men and women, a higher proportion of women are self-employed or unpaid workers, especially in rural areas.

5. **The share of firms with female participation in ownership has decreased between 2006 and 2010.** At 43 percent in 2006, the share of firms with women in the ownership was very high for regional standards: In 2017 it is 44.3 percent in LAC on average. However, the figure decreased to around 35 percent in 2010, closer to the average among Upper Middle-Income Countries in 2017 – 37.8 percent. Only 12 percent of startups are founded by women in Colombia. However, it has been found that while on average 28 percent of the startups in Colombia disappear

[45] Mateo Díaz, M. and Rodriguez-Chamussy, M. 2016

over time, this figure is cut by half if they have women founders.[46]Access to finance appears to be low for regional standards among both men and women.

6. **With regards to rural women, there is evidence that gender gaps in access to the legal property and exploitation of land appears to be a persistent phenomenon.** Around 3 million women have been displaced as a result of conflict in Colombia; many of them have been in informal marriages and have no documentation to prove ownership over land.[47]

7. **The productivity of land owned by women tends to be lower**. Indeed, rural women in Colombia have limited access to and control over productive resources, despite their growing role in agriculture and climate change mitigation.[48] [49]

8. **There are differences in the incidence of poverty between men and women.** Girls and boys are consistently poorer than adults and seniors. However, only from age 20 to age 39, the difference on poverty rates between women and men are significant. The difference coincides with the peak productive and reproductive ages of men and women. In addition, when looking at the marital status, the female poverty rate is twice the one of male among the divorced. Children and dependents are an important vulnerability factor, particularly for women. [50]

9. **Women's agency is another area where several restrictions can be noted. First, women are under-represented in political institutions.** Despite the existing quota of 30 percent in decision making positions in the public administration – applied by the Constitutional Court to political parties´ lists[51] –, the share of female Members of Parliament in Colombia, at 18.1 percent in 2017, is among the lowest in the region and way below the LAC average. In the last elections (May 2018) only 56 of the 258 seats in parliament corresponded to women (21 percent).[52] Similarly, the share of women Ministers in the last electoral mandate - 27 percent – was low, despite the positive progress observed over time.

10. **Second, child marriage is still a common phenomenon in Colombia.** UNICEF data (DHS 2015) indicate that around 5 and 23 percent of Colombian girls are married before they turn 15 and 18 years old, respectively. For marriages occurred before the bride turns 15 years old, Colombia occupies the 20th position worldwide, and one of the first in LAC.[53] The existing legislation on this issue facilitates early marriages in the country: Although the legal age to get married is 18, boys under 14 and girls under 12 years old may get married with the consent of their parents. [54] As observed in other countries, the percentage of adolescents married or in union is considerably higher in rural areas (24.6 percent), and among adolescents with only primary education (37.5 percent).

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[46] Telefónica Open Future; https://www.dinero.com/management/articulo/mujeres-en-cargos-directivos-en-colombia/255858

[47]https://www.land-links.org/wp-content/uploads/2017/03/USAID_Land_Tenure_LRDP_Womens_Land_Rights_Colombia.pdf

[48] https://cgspace.cgiar.org/bitstream/handle/10568/67364/Genero%20y%20Agricultura%20en%20Colombia.pdf?sequence=1

[49] Perfetti del Corral et al. (2018)

[50] Buitrago et al. (2018)

[51] http://www.undp.org/content/dam/undp/library/Democratic%20Governance/Women-s%20Empowerment/ColombiaFinal%20-%20HiRes.pdf

[52] https://www.semana.com/educacion/articulo/la-participacion-politica-de-la-mujer-en-colombia/574099

[53] https://www.girlsnotbrides.org/wp-content/uploads/2017/01/Child-marriage-in-LAC-Español-08.2017-1.pdf

[54] https://www.girlsnotbrides.org/child-marriage/colombia/ and http://assets.pewresearch.org/wp-content/uploads/sites/12/2016/09/FT_Marriage_Age_Appendix_2016_09_08.pdf

11. **Finally, despite the progress observed in the last years, violence against women is a persistent phenomenon in Colombia.** In the last DHS (2015) 27 percent of all 15-49 years old women in marriage or union reported having experienced some form of physical violence; emotional violence is even more common (48 percent). The share of women who report being victims of violence has however decreased since 2000 (when 36 percent of all women reported having suffered physical violence and 65 emotional violence). Reports of violence are higher in urban areas, and among women with secondary education.

Annex 6: IBRD Portfolio Trends FY16-19

IBRD PORTFOLIO	FY16	FY17	FY18	FY19*
PORTFOLIO AND DISBURSEMENTS				
Active Projects #	11	14	12	12
Net Commitment Amt $M	3,269	4,183	2,027	1,570
Cumulative Disbursements $M	2,303	2,535	896	233
Total Undisbursed Balance $M	963	916	1,099	814
Disbursements in FY $M	1,475	929	1,254	433
Disbursement Ratio (for IPF only-%)	10.2	29.5	21.2	17.6
New Approvals (IPF)-$M	--	287	202	211
New Approvals (DPF)-$M	1,400	1,500	500	--
PORTFOLIO RISKINESS				
Actual Problem Projects #	2	4	2	1
Problem Project %	18	29	17	8.3
Commitments at Risk %	17	14	4.4	4.6
Proactivity %	75	50	100	50
Project Exits in FY #	4	3	3	1
Projects Evaluated by IEG #	3	1	0	0
Satisfactory Outcome %	100	0	n/a	n/a

* as of April 8, 2019

Annex 7: IFC Portfolio Trends FY16-19

IFC PORTFOLIO	FY16	FY17	FY18	FY19*
PORTFOLIO				
Committed IFC Own Account $M	1,102	1,155	1,381	1,330
Committed Mobilization $M	163	153	64	55
Total Committed Amount $M	1,265	1,307	1,445	1,385
Total Undisbursed IFC Balance $M	289	232	186	201
Active Projects #	61	64	67	66
COMMITMENTS				
IFC Own Account $M	217	341	387	89
Mobilization Amount $M	723	214	44	80
Total Commitments $M	940	555	431	170
Committed Projects	12	11	11	6

* as of February 28, 2019

Annex 8: MIGA Portfolio FY16-19

MIGA PORTFOLIO	FY16	FY17	FY18	FY19*
Outstanding Exposure				
Number of Projects	2	2	2	2
Number of Guarantees	2	2	2	2
Gross Exposure $M	97	97	91	78

*As of April 15, 2019

Annex 9: Maximizing Finance for Development for Bogotá's first Metro Line

Through a series of at least two projects the Bank aims to improve access to jobs and quality transit for public transport users in the area of influence of the metro line. A blended and sequenced financing package includes initial financing from Bogotá (US$700 million) and from Multilateral Development Banks (MDBs)—US$1.7 billion from IBRD, the Interamerican Development Bank, and the European Investment Bank—to be committed in phases, with initial loans of US$70 million, US$70 million and US$56 million, respectively.

Together these resources are expected to crowd-in private financing in the realm of US$2 billion thanks to the Bank's and other MDBs involvement. Further, a transit-oriented development approach in surrounding areas of the Bogotá metro stations, is being explored to mobilize additional private sector funding for transport and urban infrastructure through the implementation of land value capture mechanisms, such as public-private transactions for the additional air development rights, which could generate additional non-tariff revenues.