



The World Bank

Support to the Bogota Metro Line 1 Section 1 Project - (Series 1) (P165300)

REPORT NO.: RES43689

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SUPPORT TO THE BOGOTA METRO LINE 1 SECTION 1 PROJECT - (SERIES 1)
APPROVED ON AUGUST 2, 2018
TO
EMPRESA METRO DE BOGOTA, SA

TRANSPORT
LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

APA	Alternative Procurement Arrangements	IDU	Urban Development Institute (<i>Instituto de Desarrollo Urbano</i>)
BRT	Bus Rapid Transit	IFC	International Finance Corporation
CAPEX	Capital Expenditures	IFRS	International Financial Reporting Standards
CONPES	National Council for Economic and Social Policy (<i>Consejo Nacional de Política Económica y Social</i>)	IPF	Investment Project Financing
COP	Colombian Pesos	KPI	Key Performance Indicator
CPF	Country Partnership Framework	MDB	Multilateral Development Bank
COVID-19	Novel Coronavirus Infectious Disease	MFD	Maximizing Finance for Development
DANE	National Statistics Department (<i>Departamento Administrativo Nacional de Estadística</i>)	MHCP	Ministry of Finance and Public Credit (<i>Ministerio de Hacienda y Crédito Público</i>)
DFBOMT	Design-Finance-Build-Operate-Maintain-Transfer	MoT	Ministry of Transport (<i>Ministerio de Transporte</i>)
DNP	National Planning Department (<i>Departamento Nacional de Planeación</i>)	NGOs	Nongovernmental Organizations
EA	Economic Analysis	OM	Operational Manual
EHS	Environmental, Health and Safety	O&M	Operation and Maintenance costs
EIB	European Investment Bank	PDO	Project Development Objective
EIRR	Economic Internal Rate of Return	PLMB	Bogota Metro Line 1 Section 1 (<i>Primera Línea del Metro de Bogota, Tramo 1</i>)
EMB	Bogota Metro Company (<i>Empresa Metro de Bogota</i>)	PMO	Project Management Office
EMPs	Environmental Management Plans	PPP	Public-Private Partnership
ESIA	Environmental and Social Impact Assessment	PPSD	Project Procurement Strategy for Development
ESMP	Environmental and Social Management Plan	RAP	Resettlement Action Plans
FDN	National Development Financier (<i>Financiera de Desarrollo Nacional</i>)	RPF	Resettlement Policy Framework
FMA	Financial Management Assessment	SCD	Systematic Country Diagnostic
GDP	Gross Domestic Product	SDM	Mobility Secretariat (<i>Secretaría Distrital de Movilidad</i>)
GHG	Greenhouse Gases	SITP	Integrated Public Transit System (<i>Sistema Integrado de Transporte Público</i>)
GoC	Government of Colombia	SOE	State Owned Enterprise
GRM	Grievance Redress Mechanisms	SOP	Series of Projects
IADB	Inter-American Development Bank	S-PDO	Series Project Development Objective
IBRD	International Bank for Reconstruction and Development	TOD	Transit-oriented Development
ICANH	Colombia Institute for Anthropology and History (<i>Instituto Colombiano de Antropología e Historia</i>)	TRR	Transportation Research Record
		UMUS	Unit for Sustainable Urban Mobility (<i>Unidad de Movilidad Urbana Sostenible</i>)
		WB	World Bank
		WDI	World Development Indicators
		WSC	Works Supervision Consultant



BASIC DATA

Product Information

Project ID P165300	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 02-Aug-2018	Current Closing Date 31-Dec-2023

Organizations

Borrower Empresa Metro de Bogota, SA	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The PDO of the proposed first Project under the series is to improve readiness and start the implementation of the Bogota Metro Line 1, Section 1 (PLMB).

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
IBRD-89010	02-Aug-2018	06-Aug-2018	27-Jan-2021	31-Dec-2023	70.00	.06	69.94

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

- This Restructuring Paper seeks the approval of a Level Two Restructuring of the Colombia Bogota Metro Line 1 Section 1 Project (P165300), the first project in a series of projects (SOP)¹.** This is the first restructuring and extension of the Project, requested by the Borrower on November 28, 2023. The proposed restructuring proposes to: (i) extend the loan closing date from December 31, 2023, to December 12, 2025² (23 months) and update accordingly the end-dates of relevant result indicators targets; (ii) reallocate funds between components and disbursement categories; (iii) include financial external audits under Component 2 of the Project.
- The Project was approved on August 2, 2018 with an original Closing Date of December 31, 2023, and became effective on January 27, 2021.** The Project Development Objective (PDO) is to improve readiness and start the implementation of the Bogota Metro Line 1, Section 1 (PLMB). The Project, delivered by a single, 27-year design-finance-build-operate-maintain-transfer (DFBOMT) concession contract, is supported by the following components: (1) Detailed Designs, Initial Construction and Works Supervision Contract (WSC), with an estimated total cost of US\$190 million, of which Bank financing US\$67 million, and (2) Institutional & Policy Strengthening, with an estimated total cost of US\$6 million, of which World Bank financing US\$3 million. The *Empresa Metro de Bogota (EMB)* is both the Borrower and the implementing agency.

Project status

- Progress towards achievement of the PDO was downgraded to Moderately Satisfactory (MS) in June 2023, on account of the delays accumulated with respect to the current closing date.** Overall Implementation Progress of the Project has been MS for the last couple of years, with a physical implementation progress reaching 26.66 percent in November 2023. The Borrower remains fully committed to the Project, as evidenced by the overall progress of implementation, including the outcomes and component indicators.
 - Related to Component 1 EMB awarded and signed both the DFBOMT concession contract (November 27, 2019), and the WSC contract (July 24, 2020). Once the WSC certified that designs were complete, EMB initiated the construction phase of the Project on July 25, 2023.
 - Related to Component 2, the Loan proceeds have financed the financial audit consulting contract. The rest of the initial scope of the component - the Project Management Office (PMO), carrying out technical studies for the implementation of the PLMB, and institutional strengthening of the EMB and Bogota's Mobility sector, hiring of consultants to support safeguard and fiduciary matters, and training – has been funded with counterpart funding from EMB, and, in some cases (traffic management plans) as part of the contractual responsibilities of the DFBOMT and WSC contracts.

¹ The Project is the first project in a series of two projects and will contribute to the Series of Project Development Objective (S-PDO) which is to improve access to jobs and quality transit for public transport users in the area of influence of the Bogota Metro Line 1 Section 1 (PLMB).

² The Borrower's original request for extension was for 27 months, or until May 2026. The World Bank suggested the extension to be shorter as disbursements from the Loan will occur primarily during 2025. Undisbursed amounts could be reflected in the total loan amount of the SOP2, which should go to the Board by November 2025.



4. **Despite the adequate physical implementation progress of the Program, disbursements from Multilateral Development Bank (MDB) loans have been postponed as a result of EMB's accumulated funding surplus.** During construction stage, EMB's main funding source is national and local government cash transfers, as agreed in the Project's cofinancing agreement signed between the Government of Colombia (GoC) and Bogota municipality in 2018. This funding scheme generated a financial surplus for EMB, which has no financial incentive to draw from more expensive loan resources.
 - a) **EMB is performing well and has become a robust Project Implementation Unit (PIU) carrying out the execution of the Bogota Metro Line 1 and preparing the new Bogota Metro Line 2.** EMB's managerial and technical leadership teams are stable and strong, and the PIU has been strengthened in all aspects of technical, procurement, financial management, and safeguards, with satisfactory performance to date. There are no overdue audit reports nor reports deemed unsatisfactory to the Bank. On safeguards, EMB's social and environmental teams are robust and capable, and are responsible for the elaboration and implementation of Environmental and Social Management Plans, (ESMPs). To date, WB and MDBs have provided their no objections to ESMPs for the implementation of all pre-construction activities, and ESMPs have been adequately disclosed. The performance of specific areas is as follows:
5. **Compliance with legal covenants.** The project is fully compliant with all legal covenants except for one case where it is partially compliant (annual disbursement ratios). The annual disbursements ratios are currently being updated with the new disbursement plan of EMB that has been adjusted to the concessionaire execution plan (approved by the supervision firm and EMB). The new annual disbursement ratios will be updated in the operating manual, and the new disbursement estimates have been updated and reflected in this paper.
6. **The Borrower and the World bank carried out a joint mid-term review in June 2023.** The MTR concluded that: (i) an extension of the project was required to fully disburse and (ii) reallocation between components, as the activities under Component 2 will remain with the same ambition but they will be financed using the cash surplus from EMB and MDBs non-reimbursable resources.

B. Rationale for restructuring

7. **Based on the request of the Borrower for restructuring of the Project dated on June 1 and November 28, 2023** , the rationale for the proposed restructuring is the following:
 - (a) **More time needed to achieve some outcome targets.** The PDO remains achievable, and two of the three PDO outcomes have been achieved to date: DFBOMT contract awarded, and cumulative percentage of physical works in the railyards. The remaining PDO target, the construction of the Calle 72 underpass, is at 31.15% execution while it was expected to be at 69.79% by the current closing date. The delay of this construction has been caused by : (i) archeological findings, (ii) delays on the transfers of utility networks (now completed), (iii) additional properties to be acquired by EMB and (iv) suboptimal performance by some sub-contractors. Issues (i) through (iii) have now been resolved, and EMB and the DFBOMT have agreed to redouble efforts to ensure sub-contractors improve performance. With the above, the construction of the Calle 72 is expected to achieve the indicator target by the new closing date.
 - (b) **Changes Component 2.** As explained in para 3, activities under Component 2, originally designed to be financed with loan resources, are being financed by counterpart funding, following the financial surplus rationale.



8. **The Project continues to represent a strategic engagement for the Bank.** The Project remains highly relevant in the context of the upcoming CPF for Colombia (FY24-27), supporting the decarbonization of the transport sector and the increase in connectivity and access to jobs and opportunities to beneficiaries. Lessons from the Project are being incorporated in the design of the proposed Bogota Metro Line 2 Project (P179822). These include: (a) enhancing financial planning coordination between government and MDB to prioritize MDB disbursements, optimize GoC’s fiscal space management, and ensure timely disbursements, (b) adopting a value-for-money approach in the procurement of DFBOMT contracts by introducing rated criteria in the bidding documents, thus promoting greater competition, and (c) ensure enhanced oversight over subcontractors through a strengthened role of the PMO and intermediate completion milestones for the design stage.

II. DESCRIPTION OF PROPOSED CHANGES

9. **Loan Closing Date.** The loan closing date will be extended from December 31, 2023, to December 12, 2025 (23 months). This is the first extension of the original loan closing date. The extension meets the relevant requirements of the World Bank Investment Project Financing Directive.

10. **Results Framework.** The Project Result Framework has been modified to extend the end dates of relevant targets in line with the revised closing date.

11. **Components.** The restructuring will modify numeral 2 of Part B (Component 2) of Schedule 1 of the Financing Agreement, to include external financial audits.

12. **Component Costs.** The undisbursed amount of US\$2.84 million under Part B (Component 2) is reallocated to Part A (Component 1) (see Table 2).

TABLE 1 – IBRD LOAN: ORIGINAL AND PROPOSED ALLOCATION BY DISBURSEMENT CATEGORY

Category	Original Allocation (US \$M)	Proposed Allocation (US\$ M)	Difference (US\$ M)
(1) Goods, works, non-consulting services, and consulting services for Part A of the Project	67	69.84	+2.84
(2) Consulting services and Training for Part B of the Project	3	0.16	-2.84
Total	70	70	0

13. **Disbursement.** By the time of the initial closing date, the Project will have a significant undisbursed balance due to the EMB’s disbursement planning, as explained in para 5. The Project disbursement profile will be modified accordingly.

14. **Fiduciary Assignment Contract and Trust Account.** The changes requested by the Borrower referring to the Project Trust Account will be processed in a subsequent amendment, once the Bank and the Borrower clarify additional considerations on this request, in particular, to the Fiduciary Assignment Contract (Encargo Fiduciario) and its Trust Account. The team adopted this approach to avoid delays in the extension of the closing date.

Contract



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Detailed Designs, Initial Construction, and Work Supervision Contract	67.00	Revised	Component 1: Detailed Designs, Initial Construction, and Work Supervision Contract	69.84
Component 2: Institutional & Policy Strengthening	3.00	Revised	Component 2: Institutional & Policy Strengthening	0.16
TOTAL	70.00			70.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-89010	Effective	31-Dec-2023		12-Dec-2025	12-Apr-2026

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IBRD-89010-001 Currency: USD					
iLap Category Sequence No: 1			Current Expenditure Category: GO,CW,NCS,CS PART A		
	67,000,000.00	0.00	69,835,943.00	100.00	100.00
iLap Category Sequence No: 2			Current Expenditure Category: CS,TRN PART B		
	3,000,000.00	64,056.76	164,057.00	100.00	100
Total	70,000,000.00	64,056.76	70,000,000.00		



DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2019	1,000,000.00	0.00
2020	1,000,000.00	0.00
2021	33,000,000.00	0.00
2022	34,000,000.00	0.00
2023	1,000,000.00	70,000.00
2024	0.00	90,000.00
2025	0.00	50,000,000.00
2026	0.00	19,840,000.00



Results framework

COUNTRY: Colombia

Support to the Bogota Metro Line 1 Section 1 Project - (Series 1)

Project Development Objectives(s)

The PDO of the proposed first Project under the series is to improve readiness and start the implementation of the Bogota Metro Line 1, Section 1 (PLMB).

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
To improve readiness and start the implementation of the Bogota Metro Line 1, Section 1 (PLMB)				
DFBOMT Contract awarded (Yes/No)		No		Yes
Cumulative percentage of physical works for railyard and CI72 interchange (Percentage)		0.00		30.00
<i>Action: This indicator has been Revised</i>				
Cumulative percentage of physical works for CI72 interchange (Percentage)		0.00	34.00	50.00
<i>Action: This indicator has been Revised</i>				
cumulative percentage of physical works for Railyards (Percentage)		0.00	11.00	50.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Component 1: Detailed Designs, Initial Construction and Work Supervision Contract					
Cumulative percentage of transfer of utility networks completed. (Percentage)		0.00	69.00		100.00
Grievances responded and/or resolved within the stipulated service standards for response times (%) (Percentage)		0.00			80.00
<i>Action: This indicator has been Revised</i>					
Traffic management plans for preliminary works (Railyards, Av 68 & Cl 72) approved by the Secretariat of Mobility (Number)		0.00	0.00	2.00	3.00
Cumulative percentage of land purchase completed (Percentage)		0.00			100.00
Component 2: Institutional & Policy Strengthening					
Project Management Office hired (Yes/No)		No			Yes
DFBOMT contract includes target of women employed in O&M phase of the PLMB (Yes/No)		No			Yes



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