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**INTERNATIONAL FINANCE CORPORATION
AND MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**COUNTRY PARTNERSHIP FRAMEWORK
FOR**

THE REPUBLIC OF COLOMBIA

FOR THE PERIOD FY24-27

January 2024

**Colombia Country Management Unit
The International Finance Corporation
The Multilateral Investment Guarantee Agency
Latin America and the Caribbean Region**

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The date of the last Country Partnership Framework (CPF) for Colombia was February 2016 (Report No. 101552), updated through the Performance and Learning Review (PLR) dated April 23, 2019 (Report No. 135458-CO).

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ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement	JCAP	Joint Capital Markets Program
AI	Artificial intelligence	MDBs	Multilateral Development Banks
APC	Presidential Agency for International Cooperation	MHCP	Ministerio de Hacienda y Crédito Público
ASA	Advisory Services and Analytics	MIGA	Multilateral Investment Guarantee Agency
CAF	Development Bank of Latin America and the Caribbean	MPC	Multipurpose cadaster
CAT-DDO	Catastrophe Deferred Drawdown Option	MSMEs	Micro, small and medium-sized enterprises
CCDR	Country Climate and Development Report	NCRE	Non-Conventional Renewable Energy
CEM	Country Economic Memorandum	NDP	National Development Plan
CLR	Completion and Learning Review	OECD	Organisation for Economic Co-operation and Development
CPF	Country Partnership Framework	PEFA	Public Expenditure and Financial Accountability
CPSD	Country Private Sector Diagnostic	PFM	Public Financial Management
DANE	Departamento Administrativo Nacional de Estadística	PforR	Program for Results
DIAN	Dirección de Impuestos y Aduanas Nacionales	PFR	Public Finance Review
DNP	Departamento Nacional de Planeación	PIU	Project Implementation Unit
DPF	Development Policy Financing	PLR	Performance and Learning Review
DPL	Development Policy Lending	PPP	Public-Private Partnership
DRM	Disaster Risk Management	PTSP	Plan Todos Somos Pazcífico
DPS	Departamento para la Prosperidad Social	RAS	Reimbursable Advisory Services
ESG	Environmental, Social, and Governance	RF	Results Framework
ETS	Emissions Trading System	R&D	Research and development
FCV	Fragility, Conflict & Violence	SCD	Systematic Country Diagnostic
FDI	Foreign Direct Investment	SDG	Sustainable Development Goal
FDN	Financiera de Desarrollo Nacional	SECO	Swiss State Secretariat for Economic Affairs
FI	Financial intermediary	SECOP II	Electronic Public Procurement System
FY	Fiscal Year	SEDLAC	Socio-Economic Database for Latin America and the Caribbean
GCP	WBG Global Challenges Programs	SFC	Colombian Financial Superintendency
GDP	Gross Domestic Product	SMEs	Small and Medium Enterprises
GHG	Greenhouse gas	SNGs	Subnational governments
HCR	Human Capital Review	SOFI	State-owned Financial Institution
HLO	High-Level Objectives	SORT	Systematic Operational Risk-Rating
IBRD	International Bank for Reconstruction and Development	SPI	Supplementary Progress Indicators
IDA	International Development Association	SECO	Swiss State Secretariat for Economic Affairs
IDB	Inter-American Development Bank	TA	Technical Assistance
IDP	Internally displaced people	TF	Trust Funds
IFC	International Finance Corporation	UN	United Nations
IPF	Investment Project Financing	WBG	World Bank Group
KFW	Kreditanstalt fuer Wiederaufbau	WSMEs	Women-led SMEs

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FY24-27 COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF COLOMBIA

I. INTRODUCTION

1. **The new Country Partnership Framework (CPF) for Colombia will cover four years (FY24 - FY27) in alignment with the National Development Plan (NDP) cycle.** The previous CPF covered FY16 to FY21, with a mid-point assessment carried out by the Performance and Learning Review (PLR) in FY19. The circumstances of the pandemic led to a two-year hiatus between the closure of the preceding CPF and the beginning of the new cycle. The Completion and Learning Review (CLR) accompanying this CPF (Annex 2) assesses results achieved during the previous CPF while discussing their continuation in the interim period.

2. **The CPF's analytical underpinnings are encapsulated by the Systematic Country Diagnostic (SCD) Update completed in FY22, complemented by other studies (including the recent Country Climate and Development Report, CCDR).**¹ The SCD Update highlights four key, interconnected challenges that need to be addressed for the country to embark on a more inclusive, sustainable, low-carbon growth path: 1) economic growth marked by low productivity and a strong reliance on commodity production and exports; 2) persistent high inequality across many dimensions, notably unbalanced territorial development and gaps in the coverage and quality of services; 3) high vulnerability to climate change and threats to Colombia's extraordinary natural assets, such as biodiversity and forest resources; and 4) a fragile peace process, which could yield important development benefits if it advances.

3. **With its five transformations and emphasis on territorial and social convergence, the NDP has guided the proposed new World Bank Group (WBG) program.** The five transformations are: 1) territorial planning around water and environmental justice; 2) human security and social justice; 3) human right to food; 4) productive transformation and internationalization; and 5) regional convergence. The NDP promotes cross-cutting, integrated interventions across these five transformations, focusing on the country's most remote and least developed areas, which largely coincide with those affected by ongoing or post-conflict situations and populated by historically discriminated-against and excluded groups. The authorities are encouraging the WBG and other development partners to align with this integrated, territorial approach.

4. **The CLR identifies several lessons that could enhance WBG impact.** While the overall outcome of the program is assessed as moderately satisfactory and the WBG's performance as good, the CLR sees potential for greater impact in remote, conflict-affected areas and enhancing WBG support to address the global challenges most relevant for Colombia. The main CLR lessons are: 1) improving project implementation by enhancing operational readiness, tailoring programs to capacity limitations and local social and political circumstances, and setting up more effective institutional arrangements between different levels of government; 2) seeking a more balanced mix of financing instruments, including expanding the use of Program for Results (PforR) and access to concessional funding; and 3) deepening the One-WBG approach through joint financing, analytical and technical assistance (TA) initiatives, and greater mobilization of private sector solutions – including through Public Private Partnerships (PPPs); and 4) designing a more realistic results framework that adequately reflects the scope and ambition of the WBG's engagement, with clearly formulated objectives and measurable indicators.

¹Recent WBG analytical work on Colombia include a Country Private Sector Diagnostic (CPSD), Public Finance Review (PFR), an Equity Report, and the Country Climate and Development Review (CCDR), plus an ongoing Country Economic Memorandum (CEM) and Human Capital Review (HCR).

5. The CPF is aligned with country demand, expressed through the NDP, and aims to leverage WBG comparative advantages. Applying selectivity filters, considering corporate strategic priorities (guided by the WBG Evolution Roadmap), and consulting with WBG teams and external stakeholders, the following three High-Level Objectives (HLOs) have been selected: 1) promote equitable territorial development and social inclusion; 2) advance the sustainable and inclusive transformation of the economy; and 3) strengthen resilience to climate change and promote low carbon transitions. The HLOs are broken down into nine strategic, measurable objectives, supported by ongoing and proposed new WBG-financed operations, TA, and analytical contributions. While the WBG program footprint in Colombia will remain at a relatively large scale and scope due to continued strong demand for WBG support, the CPF sets clear criteria for selectivity and impact. An important dimension of these criteria is a geographical focus on the country's poorest and most marginalized areas and on supporting its most disadvantaged people.² Effectively combining IBRD, IFC, and MIGA instruments will be critical for achieving these CPF objectives.

6. Guided by the WBG Evolution Roadmap, the CPF supports the government's commitment to addressing global challenges. Ongoing and proposed new interventions would position the WBG's Colombia program to benefit from some of the recently launched WBG Global Challenges Programs (GCP).³ The WBG will also contribute to other corporate priorities such as women and youth inclusion, the well-being of people in fragile, conflict and violence (FCV) contexts, more and better jobs, and support to migrants and their host communities. The WBG thus aims to partner with Colombia in its proactive stance on these global priorities. This will call for deepening the mobilization of both public and private resources, including through climate finance and carbon markets, and enhancing collaboration with other development partners, such as the Inter-American Development Bank (IDB), the Development Bank of Latin America and the Caribbean (CAF), and the United Nations (UN) system.

7. In line with the findings of the CLR, the CPF also highlights the importance of concerted efforts to enhance implementation. Pipeline development will strive to balance development policy and investment financing and promote results-based financing where appropriate. To achieve higher impact more efficiently, teams will emphasize the operational readiness of new projects, avoiding overly complex institutional arrangements that can lead to implementation delays. The Advisory Services and Analytics (ASA) portfolio will be streamlined, focusing on informing the design and implementation of operations, as well as responding to government requests for just-in-time analysis.

8. The most significant risks to CPF objectives are political and governance risks and those related to institutional capacity limitations. The Systematic Operational Risk-Rating (SORT) framework rated these two risk categories as the highest (substantial). Political and governance risks are rated as elevated due to intensifying political polarization in the context of a historic political transition and an ambitious reform program. These risks are mitigated by constructively engaging with counterparts and maintaining a broad dialogue with external stakeholders. On institutional capacity, notably at the subnational level, the WBG

²In the case of Colombia, disadvantaged population groups include indigenous peoples and communities, afro-descendants (a collective term referring to members of Black and Afro-Colombians, Raizales and Palenqueros, which are the predominant afro communities in the country), and traditional farmer communities.

³A priori, the CPF will focus on the GCPs on fast-track water security and climate adaptation; energy transition, efficiency and access; enhanced health emergency, prevention, preparedness, and response; accelerating digitalization; and forests for development, climate and biodiversity, five of the six global challenges identified as priorities in the WBG's Evolution Roadmap.

will reinforce capacity building in counterpart institutions and design financing instruments consistent with fiscal constraints, the country's legal framework, and limited local capacity. Implementation support will include innovative, FCV-type implementation and supervision arrangements in the presence of security threats and social discontent.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Social and Political Context

9. **Colombia is one of the largest and most diverse countries in Latin America.** Its territory comprises 32 departments plus the capital district, covering over one million square kilometers. Colombia is classified as the second most biodiverse country in the world. Of its population of 51.6 million, close to 9 percent self-identify as afro-descendants⁴, and around 6 percent as indigenous, both groups predominantly living in areas with limited or no presence of the state and accounting for disproportionately high numbers of poor households and victims of a protracted internal conflict. This conflict has produced many internally displaced people (IDPs) over the past decades. IDPs have contributed to the rapid expansion of urban centers, which now cover over 80 percent of the total population. Colombia has also experienced an enormous influx of migrants, mostly from Venezuela, amounting to an estimated nearly 3 million people over the past decade. In the last four years, intensifying social tensions have led to massive social mobilizations, such as the 2019 and 2020 protests, driven by high and growing inequality, corruption, and poverty, while more immediately triggered by an unpopular tax reform proposal and pandemic-induced economic hardship.

10. **After dealing with one of the longest internal armed conflicts in the world, Colombia is still seeking lasting peace, based on the 2016 peace agreement.** Implementation of this agreement has been slow and uneven, hampered by a lack of resources and limited economic opportunities offered in former conflict areas. After the pacification of many areas following the peace agreement, conflict and violence have again been on the rise in recent years, fueled by illicit economic activities. In response, broadening the peace agreement to remaining and reconstituted armed groups is a government priority, with negotiations now being conducted under the new "Total Peace" initiative.

11. **In August 2022, the first leftist government administration in Colombian history took office with an ambitious agenda to improve economic opportunities and access to services for the most disenfranchised groups.** The administration is led by President Gustavo Petro, former mayor of Bogotá and long-serving senator, and Vice-president Francia Marquez, an afro-Colombian activist from the Pacific region, one of the country's most impoverished areas. Their coalition government is composed mainly of left-leaning and some more traditional centrist parties. Beyond consolidating peace, the government's priorities are reducing inequalities by promoting territorial and social convergence and industrialization through a more active role of the state in the economy.

12. **Since taking office, the government has moved swiftly on an ambitious reform agenda.** A tax reform was enacted in December 2022 to increase revenue and render taxation more progressive. Congress approved the new NDP in May 2023. Reforms to the health sector, labor market regulations, and the pension system are being deliberated in Congress and disputed politically, partly due to proposed

⁴ Afro-descendants is a collective term referring to members of Black, Afro-Colombian, *Raizal* and *Palenquera* population

provisions to reduce the role of the private sector in service delivery and financing. Political tensions around these reforms have resulted in several cabinet reshuffles and the narrowing of the ruling coalition's majority in Congress. Nonetheless, the government has signaled its intention to reach a consensus for their approval. The departmental and municipal elections in November 2023 resulted in a shift of voter expression towards centrist and political parties, making collaboration between them and the governing coalition a critical factor for implementing reforms.

13. To promote a more sustainable economic model, the government has reaffirmed some of the previous governments' positions, including commitments under the Paris Agreement. The government has taken a leadership role in the global climate dialogue, with President Petro calling for a "Marshall Plan for Addressing the Climate and Debt Crises". At the same time, the government is pushing to accelerate the reduction of the weight of the extractive sector in the economy.

14. A range of potential new WBG-supported programs has been explored with the authorities. In line with the NDP, there is demand for new programs (and enhanced implementation of existing ones) to support the government's territorial development initiatives, including sustainable and low-carbon development programs in the Amazon and Oniroquia, among others. Engagement was initiated during the political transition and furthered through dialogue with sector ministries and a close working relationship with DNP (*Departamento Nacional de Planeación*) and the Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público – MHCP*).

2.2 Recent Economic Developments

15. Colombia has a strong macroeconomic track record, supported by solid institutions founded on inflation targeting through an independent central bank, a flexible exchange rate, and a rules-based fiscal policy. A sound regulatory framework safeguards the financial system's stability, while long-standing fiscal prudence had created buffers that allowed the government to respond decisively to the COVID-19 crisis. The macroeconomic framework has also been conducive to private investment. Investment is around 19 percent of GDP (2022), about two-thirds of which originates from the private sector.⁵ After the pandemic, starting in 2021, several reforms strengthened the macroeconomic framework in the face of fiscal imbalances and higher public debt.⁶ In September 2021, the fiscal rule was adapted, introducing an explicit debt anchor and limiting the budget balance, including making it dependent on the level of public debt. The tax reform of end-2022 mobilized additional resources to reduce the deficit and expand social protection spending.

16. The economy recovered well from the pandemic but is now cooling. In 2022, the economy showed signs of overheating, as inflation soared to a record level above 13 percent, and the current account deficit rose persistently (Table 1). The authorities have addressed these imbalances by raising interest rates and gradually reducing the fiscal deficit. Inflation has started to recede, and fiscal and external imbalances are narrowing. However, economic growth has decelerated substantially in 2023, along with limited investment.

⁵Average for the period 2010 - 2019, according to the government's medium-term fiscal framework for 2018 and 2019.

⁶Colombia has also adhered to prudent fiscal and macroeconomic risk management policies, thereby using a range of WBG's financial products to protect its balance sheet against of currency, interest-rate, liquidity, disaster and financing risks.

Table 1. Colombia: Key Macroeconomic Indicators, 2020–2025

	2020	2021	2022	2023e	2024f	2025f
Real GDP growth, at constant market prices	-7.3	11.0	7.3	1.2	1.8	3.0
Private consumption	-4.9	14.5	9.5	1.3	1.6	2.9
Government consumption	-0.8	9.8	0.3	1.6	1.5	1.2
Gross fixed capital investment	-24.0	17.3	11.4	-7.0	0.1	4.3
Exports, goods, and services	-22.7	15.9	14.8	3.7	3.5	4.9
Imports, goods, and services	-19.9	26.7	22.3	-13.2	8.6	3.7
Real GDP growth, at constant factor prices	-7.3	10.5	7.2	1.2	1.7	2.9
Agriculture	2.3	3.1	-1.8	1.5	4.0	3.8
Industry	-15.3	8.9	7.0	-1.5	1.6	3.5
Services	-4.9	12.0	8.2	2.2	1.5	2.7
Inflation (consumer price index)	2.5	3.5	10.2	11.5	6.4	3.8
Current account balance (% of GDP)	-3.4	-5.6	-6.2	-3.3	-3.4	-3.3
Fiscal balance (% of GDP)	-7.2	-7.1	-6.5	-3.9	-3.8	-3.2
Revenues (% of GDP)	26.0	26.6	27.7	30.8	30.5	30.2
Debt (% of GDP)	67.3	65.7	64.9	60.4	58.9	58.5
Primary balance (% of GDP)	-4.3	-3.7	-2.1	0.5	0.8	0.9

Source: World Bank. Notes: e = estimate, f = forecast.

17. The longer-term macroeconomic outlook reveals the importance of addressing structural constraints for Colombia to embark on a more inclusive, resilient, and sustainable growth path:

- The country has registered stable but modest economic growth for two decades, insufficient for per-capita income to converge with high-income countries. Growth has been propelled by capital and labor accumulation, while productivity has remained stagnant. Firms' low capabilities, inadequate institutional capacity, inefficient factor markets, an underdeveloped capital market, and infrastructure gaps have held back productivity growth, in contrast with faster-growing emerging market economies.
- Colombia's exports and foreign direct investment (FDI) are relatively low and remain concentrated in composition and geography. Exports are characterized by low complexity, and the limited export diversification over the last decade has been mostly towards other low-complexity products. Reliance on commodity exports has left the economy vulnerable to external shocks and - looking ahead - to decarbonization by trading partners.
- Formal labor demand is also low, with informality among workers and firms having created a dual economy in which only 20 percent of firms can access efficient markets for goods, credit, information, technology, and innovation.
- The lack of economic convergence across the territory hampers more dynamic and inclusive growth, undermining poverty reduction. Over the last few decades, Colombia's poorest departments have been unable to converge with the richer ones. Regional differences in economic output in Colombia are twice those in other OECD countries, and spatial disparities in opportunities exacerbate social tensions.⁷ Historically, the poorer regions of Colombia have also been those most marked by weak institutions, high vulnerability to shocks, and limited economic opportunities.

⁷World Bank. 2021. Building an Equitable Society in Colombia. World Bank, Washington, DC.

- Fiscal space to address these challenges is limited. Revenue mobilization is insufficient to finance investments to cover the large infrastructure gaps, efforts to meet increasing social demands, and transitions away from oil and coal exports into a more diversified, low-carbon, climate-resilient economy. Colombia’s tax code also hides large inefficiencies detrimental to economic growth.

18. Borrowing conditions remain favorable as the economy shows signs of a soft landing, declining inflation, and narrowing external and fiscal imbalances. These imbalances are expected to narrow as domestic demand normalizes, inflation returns to the target band, and GDP converges to potential. These trends are expected to support more favorable borrowing conditions, although the public financing of priority programs will face trade-offs within tightened fiscal space.

2.3 Poverty Profile

19. Income inequality in Colombia is one of the highest in the world and was exacerbated by COVID-19.⁸ Inequality was already on the rise when the pandemic increased it further: the Gini coefficient rose from 51.7 in 2018 to 54.4 in 2020. And despite expanded social protection (through both existing and new transfer programs), which helped contain the effects on poverty, the national poverty rate increased from 35.7 percent in 2019 to 42.5 percent in 2020.⁹

20. Economic recovery in 2021 improved poverty outcomes, but not for all groups. While income inequality and the national poverty rate both decreased in 2021,¹⁰ poverty further increased in rural areas. For Venezuelan migrants, poverty declined only marginally, while it remained unchanged for afro-descendants and indigenous people, who had experienced higher-than-average poverty levels already before the pandemic.

21. High economic growth in 2022 translated into poverty and inequality reduction, although inflation undermined these gains, particularly among the poorest. The National Multidimensional Poverty Index declined from 16 percent in 2021 to 12.9 percent in 2022, driven by improvements in school attendance and access to health services. The new official methodology for monetary poverty and inequality estimation (for now) only allows comparison of the 2021 and 2022 series. Total (rural and urban) monetary poverty declined from 39.7 percent in 2021 to 36.6 percent in 2022, with income gains offset partially by inflation, particularly for food, which disproportionately affected poor and vulnerable groups. Extreme poverty remained stagnant nationally but increased significantly in rural areas (from 21.6 percent in 2021 to 23.3 percent in 2022). Floods and landslides caused by *La Niña* also affected certain regions in 2022, damaging dwellings, health, education, road infrastructure, and crops. *El Niño* is now raising concerns over energy and food prices. Poverty is expected to remain stagnant in 2023.

Table 2. Colombia-Selected Welfare Indicators

	2018	2019	2020	2021	2022	2023 f
Global welfare measures						
International poverty rate (\$2.15/2017 PPP)	4.5	5.3	9.4	6.6	6.4	6.4

⁸World Bank. 2021. Building an Equitable Society in Colombia. World Bank, Washington, DC.

⁹Data from the national statistics office, DANE.

¹⁰Using the older series from before the recent revision, poverty declined from 42.5 in 2020 to 39.3 percent in 2021.

Lower middle-income poverty rate (\$3.65/2017 PPP)	12.3	13.7	19.3	16.0	15.5	15.5
Upper middle-income poverty rate (\$6.85/2017 PPP)	34.0	34.8	42.2	39.2	38.8	38.9
National welfare measures						
Total poverty rate	34.7	35.7	42.5	39.7*	36.6*	..
Extreme poverty rate	8.2	9.6	15.1	13.7*	13.8*	..
Multidimensional Poverty Indicator	19.1	17.5	18.1	16.0	12.9	..
Gini coefficient	51.7	52.6	54.4	56.3*	55.6*	..
National labor market outcomes						
Employment rate	65.7	64.8	60.4	61.5	63.6	..
Informality rate*	60.2	58.2	..

Source: World Bank, and *Departamento Administrativo Nacional de Estadística (DANE)*.

Notes: Estimates are presented in italics; f = forecast. Global welfare measures calculated based on Socio-Economic Database for Latin America and the Caribbean (SEDLAC) harmonization (see Macro and Poverty Outlook Spring 2023 for details). Estimations and projections for national welfare measures of monetary poverty are calculated using a World Bank-developed microsimulation model using data on labor market structure and inflation reported by DANE for 2022, and World Bank GDP growth and inflation projections for 2023.

*The series from 2021 onwards in monetary poverty and inequality is not comparable to the 2018-2020 numbers presented in the table, as the official methodology was updated to account for changes in the National Census 2018 frame, among others. Similarly, for the informality rate, comparability is available from 2021.

22. Structural challenges limit economic prospects in rural areas and among historically disadvantaged groups. There are markedly fewer opportunities for certain ethnic groups: an indigenous Colombian attains on average over two years less schooling than a non-indigenous; the fraction of indigenous children who are stunted – a marker of malnutrition – is almost triple the national average; and labor incomes of afro-descendants and indigenous populations are far below average. Similarly, people in rural areas have lower access to services of adequate quality, account for higher school-repetition and early-dropout rates, live in territories with higher concentration of land ownership, and are more vulnerable to climate shocks. Limited quality jobs are available in rural areas, and gender gaps have widened, particularly in how family responsibilities limit women’s access to jobs.¹¹ Despite recent financial deepening,¹² large swathes of the economy remain excluded from formal financial services. Although the nearly 3 million migrants and refugees hosted by Colombia are increasingly integrated economically and socially, they still face unequal challenges in access to services and markets.¹³

23. While multidimensional and monetary poverty both declined nationally, there is great heterogeneity between regions. To illustrate this, learning-adjusted years of education – a key component of the Human Capital Index – are much lower among children living in certain departments: 3.6 percent in Vaupés versus 9 percent in Bogotá. Spatial disparities overlap with those between population groups defined by ethnicity: municipalities with high concentrations of indigenous Colombians have persistently high levels of unmet basic needs, and the afro-descendants predominantly lives in areas with relatively high unmet basic needs.¹⁴ These challenges posed by territorial inequalities are recognized in the NDP, which includes regional and social convergence as one of its five key transformations.

2.4 Development Challenges and Opportunities

¹¹World Bank. 2021. Building an Equitable Society in Colombia. World Bank, Washington, DC.

¹²Domestic credit to the private sector has increased as share of GDP in the last decade to 44.1 percent of GDP in 2022, which is however still below the LAC regional average of 57.1 percent.

¹³The Multidimensional Integration Index developed by DNP, shows that migrants' income levels are lower, and their monetary poverty is 28 percentage points higher than that of nationals. *Observatorio Colombiano de Migración desde Venezuela. Índice Multidimensional de Integración Socioeconómica de la población migrante venezolana en Colombia (IMI). Mayo 2022.*

¹⁴World Bank. 2021. Building an Equitable Society in Colombia. World Bank, Washington, DC.

24. Recent WBG analytics on Colombia highlight low growth and inequality as key constraints to poverty reduction, and the peace agenda and the climate transition as opportunities to embark on a more inclusive and sustainable growth path. The 2022 SCD Update identifies the structural factors of low productivity, reliance on extractive sectors, and pronounced inequality as main constraints to robust growth and poverty reduction. This diagnostic sees the peace process as an opportunity for creating a “development dividend”, if lagging and conflict-affected regions can gain better access to basic services and economic opportunities. The 2023 CCDR concludes that climate change represents a formidable challenge for Colombia, as it requires large investments in adaptation and mitigation. Yet, it is also an opportunity to accelerate critical structural economic transformations towards a more diversified economy with regional convergence and better employment and other opportunities.

25. Colombia’s modest growth has been marked by low productivity and reliance on commodity production and exports. The forthcoming Country Economic Memorandum (CEM) shows that economic growth in recent decades has been driven by factor accumulation, closely tied to the commodity cycle, and insufficient to reduce poverty. Structural transformation has been slow, with 16 percent of the workforce remaining in agriculture and two-thirds in mostly low-value-added service sectors. Total factor productivity growth has been negative over the past 30 years. This relates to Colombian firms’ capabilities being lower than those in peer countries, limiting innovation and the use of technology. Growth dynamics are further hampered by inefficient factor markets, poor infrastructure, costly logistics, weak competition in key sectors such as banking and telecommunications, and low public investment.

26. The Country Private Sector Diagnostic (CPSD) emphasizes economic diversification and productivity in non-extractive sectors to support the transition to a low-carbon economy. The CPSD identifies challenges and near-term opportunities for private-sector engagement in agriculture, bioeconomy, tourism, and artificial intelligence (AI) applications. Despite progress in digital technology during the pandemic, its use in productivity and distribution remains low compared to peer countries.¹⁵ Enhancing digital and physical connectivity offers a potential for small business development in rural areas and the integration of value chains across the territory. Also, it would facilitate the internationalization of the economy, particularly in the form of increasing the exports of services.¹⁶

27. Colombia suffers from one of the world’s most severe lack of social mobility. The perpetuation across generations of such large opportunity gaps is driven by unequal access to and quality of social services, the preponderance of low-quality, informal jobs, and the lack of state presence in lagging and conflict-affected areas. Such inequalities are particularly prevalent among indigenous and afro-descendants groups, women and conflict-affected communities, as well as migrants and refugees. Demographic challenges, including an aging population and migratory flows, will accentuate Colombia’s social mobility challenges in the future. Enhanced inclusion of these populations would reduce inequalities and boost economic growth and social mobility for all.

¹⁵World Bank. 2023. Digital Economy for Latin America and the Caribbean - Country Diagnostic: Colombia. Washington, D.C.

¹⁶For this purpose, the recently approval National Reindustrialization Policy (CONPES 4129 of 2023) sets a ten-year horizon for increasing the added value in the production by domestic economic sectors, to transition from an economy dependent on extractive activities to one that is based on knowledge, and sustainable and inclusion production.

28. Colombia faces the intertwined challenges of protecting biodiversity, adapting to climate change, and meeting its ambitious commitments to reducing greenhouse gas (GHG) emissions. Climate-related global challenges are exacerbated by persistently high deforestation, extensive low-productivity agricultural practices with high emissions, and exports dominated by crude oil and gas. Climate change is already a reality in Colombia, with a clear trend toward more frequent and intense climate-related events with a disproportionate impact on the poor. The CCDR estimates that climate change could reduce GDP by 2.5 percent in real terms by 2050 without concerted remedial actions.

29. Climate transitions – if well managed – represent opportunities for Colombia. The transitions towards resilience and adaptation to climate change, net-zero emissions, and a productive structure that responds to global decarbonization require far-reaching policy shifts and a large increase in climate investment. Transition efforts must be frontloaded to change negative dynamics, notably in mining, agriculture, forestry, and land use. However, simulations conducted for the CCDR show that there could be a positive net economic and social return on these investments. Apart from additional financing, mostly through a significant increase in private investment, this would require coordinated measures to control deforestation and protect Colombia’s extraordinary biodiversity, upgrade to more resilient and lower-carbon emitting infrastructure, promote non-conventional renewable energy (NCRE) productivity, shift to climate-smart agriculture, bioeconomy, and the circular economy, apply new technologies for climate action, and introduce social protection instruments targeted to those affected by climate shocks.

30. Effective implementation of the 2016 peace accords and a breakthrough in the ongoing negotiations under the “Total Peace” initiative offer the chance of a development dividend. The partial implementation of the 2016 peace accords has not yet delivered on its full potential, particularly in lagging regions, where the demobilization of former guerilla fighters has generated a power vacuum that, in the absence of the state, has been filled by remaining or new illegal armed groups. The Comprehensive Rural Reform (*Reforma Rural Integral*)¹⁷ is among the chapters of the 2016 agreement with the lowest implementation progress. Through the ongoing Total Peace initiative, the government aims to reach a broader agreement encompassing several illegal armed groups. Together with an accelerated and more effective implementation of the 2016 peace accords, such an agreement could be critical to breaking the negative dynamics of economic exclusion, conflict, and deforestation in many of Colombia’s rural areas.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1 Government Program and Medium-term Strategy

31. The 2022-2026 NDP provides a framework for policymaking and resource allocation through five transformations, emphasizing more balanced territorial development and social convergence.¹⁸ Congress adopted the NDP in May 2023 after extensive consultations across the country. The NDP promotes cross-cutting, integrated interventions in specific geographic areas, focusing on those most remote, least developed, and affected by conflict and on historically discriminated groups. For each of the

¹⁷The Comprehensive Rural Reform is composed of 16 National Sectoral Plans (infrastructure, education, health, and land formalization) aimed at reducing poverty and inequality, and bridging the rural-urban divide.

¹⁸The NDP, according to Colombian Constitution, provides strategic directions for public policies proposed by the Government, and establishes medium-term goals and priorities, with measurable objectives and targets. It is adopted as a law by Congress.

five transformations, quantitative targets have been adopted to be achieved by the end of the government's term (2026)¹⁹:

- **Territorial planning around water and environmental justice:** 1) delivering 2.9m ha of land to agricultural producers; 2) accelerating the multipurpose cadaster rollout (from 9.4 percent in 2022 to 70 percent), 3) formalizing small and medium landholdings in rural areas (an additional 3.9m).
- **Human security and social justice:** 1) reducing the share of people living in (multidimensional) poverty from 16 percent to at least 11.5 percent; 2) doubling internet access from 38.3m to 71.4m connections; 3) increasing higher education coverage from 53.9 percent in 2021 to 62 percent; 4) increasing by 6 percent the revenues of micro-enterprises supported by the *economía popular* program; 5) reducing non-remunerated weekly work hours of female household heads from 22 hours (2021) to 19 hours; 6) lowering the number of fatal road accidents by 23 percent from 2021 levels; and 7) drastically reducing maternal mortality from 83 per 100,000 in 2020 to 32 per 100,000.
- **Human right to food:** 1) decreasing extreme poverty to 9.6 percent (from 12.2 percent in 2021); 2) eliminating early childhood hunger; 3) upgrading port infrastructure to enhance food sovereignty; and 4) increasing by 10.4 percent the productivity of prioritized agricultural chains.
- **Productive transformation and internationalization:** 1) expanding rehabilitation of degraded areas from 0.95m ha in 2022 to 1.7m ha; 2) adding 2,000 MW in NCRE generation; 3) reducing deforestation by 20 percent from 2021 levels; 4) increasing to 56.3 percent the share of non-extractive products in total exports; 5) doubling the share of research and development (R&D) investments in GDP to 0.5 percent; and 6) reducing CO2 emissions in the transport sector by 2.14m tons from 2022 levels.
- **Regional convergence:** 1) reducing by 26 percent the number of households suffering from inadequate housing conditions (31 percent in 2021); 2) upgrading third-tier rural roads (from 55,240 km in good condition to 88,000 km); 3) reducing logistic costs from 12.6 percent (2020) to 11.5 percent; and 4) reducing the multidimensional poverty gap of conflicted-affected municipalities vis-à-vis the national average from 10 to 7.4 percentage points.

32. The authorities are encouraging the WBG and other development partners to align with this territorial, inclusive, and integrated approach, breaking the predominant form of vertical, sectoral development programs. Such an approach with a geographical focus and enhanced local governance involving communities and historically excluded groups will require substantial institutional reforms to address capacity limitations of sub-national governments and facilitate the participation of community-based and ethnic organizations in local governance processes.

3.2. The Proposed Country Partnership Framework

33. A selectivity framework with four criteria was used to prioritize WBG interventions in Colombia to maximize their impact. These criteria are: 1) alignment with the transformations of the NDP described in the previous section; 2) drawing on analytical work, notably the SCD Update, the CPSD and the CCDR; 3) incorporating implementation lessons as distilled by the CLR; and 4) leveraging WBG comparative advantages by realizing corporate synergies and mobilizing and channeling resources from GCP. The latter

¹⁹The following link on the DNP website synthesizes the five transformations and their main indicators: <https://colaboracion.dnp.gov.co/CDT/portalDNP/PND-2023/2023-02-23-METAS.pdf>

is part of an effort to use this CPF to implement WBG Evolution Roadmap reforms in the Colombia program. An in-person and online consultation process (Box 1) informed prioritization. Principal government counterparts were also consulted during the CPF preparation process, and their guidance was incorporated.

34. In alignment with the NDP, WBG programs will seek a geographical focus on the poorest, most marginalized areas (e.g., the Pacific) and on supporting the most disadvantaged groups. The CPF program will strive for higher impact on the ground through an emphasis on improving connectivity and integration into global value chains and nearshoring, increasing MSME productivity and enabling grassroots economic development (*economía popular y comunitaria*), and ensuring more balanced territorial access to economic opportunities and public services. Consistent with such a geographical concentration of resources, the WBG will support integrated, multi-sectoral programs at the subnational level and ensure the coordination of parallel programs implemented in the same geographic areas.

35. The CPF aligns with five of seven reform priorities identified in the SCD Update and includes two new engagement areas in response to government demand.²⁰ The SCD Update identified seven priorities, which help focus WBG engagement within the broader orientation provided by the NDP. The CPF focuses directly on five of these seven priorities (Table 3) and adds two objectives in response to specific government demand. These are objectives #7 (develop resilient and low carbon infrastructure) and #9 (enhance capacity for disaster risk management).

Box 1. CPF Consultations

The design of this CPF results from a collaborative and inclusive process, drawing insights from in-person and online consultations with a wide array of stakeholders across the country, reaching close to 250 people. These consultations were held with national and subnational governments, firms and private sector organizations, civil society, indigenous and afro-descendants, and other development partners. The discussions took place in Cali, Riohacha, Medellín, and Bogotá in August and September 2023. The convening power of local partners (*Propacífico, Universidad de La Guajira, Proantioquia*) was instrumental in enriching the consultations. The in-person consultations were complemented by an online survey that generated many constructive comments.

The consultations provided valuable ideas on how the WBG could enhance its impact in the country and served as feedback on the proposed CPF design. Overall, the WBG was encouraged to allocate more resources to addressing implementation shortcomings, tap into local capacity, particularly in remote and lagging regions, and enhance its connections with local communities. The importance of strengthening social cohesion by improving education outcomes and scaling local efforts to create opportunities for youth was an overarching theme among interlocutors. Participants encouraged the WBG to better leverage existing partnerships with private firms and civil society organizations. Private sector representatives highlighted the need to strengthen transport and digital connectivity while emphasizing the potential of the tourism industry and the circular economy. Participants from academia called for a comprehensive education reform to enhance access to and quality of education at all levels, emphasizing the need to improve tertiary and technical curriculums to match labor market demand, complemented by the private sector participants highlighting the importance of digital skills and potential of “creative industries”. Civil society representatives encouraged the WBG to help promote Colombia’s rich cultural diversity and stressed the criticality of greater inclusion of marginalized communities to address social inequalities and poverty reduction and to boost environmental conservation and sustainable development. The dialogue in the different venues underlined the promising potential of the “bioeconomy” for sustainable and inclusive economic growth, asking the WBG to consider economic development in tandem with environmental goals, including investing in adaptation capacity and supporting the protection of Colombia’s unique biodiversity.

²⁰The SCD Update was prepared before the introduction of HLOs in CPF Results Frameworks and thus did not identify such HLOs.

36. The CLR identifies several lessons relevant to the new CPF, calling for greater impact in remote, conflict-affected areas and enhanced support to addressing global challenges in the WBG Colombia program. The main lessons relate to enhancing implementation, improving selectivity, and using a more balanced choice of instruments:

- **Improving impact through more effective implementation:** enhancing operational readiness, tailoring programs to capacity limitations and social and political circumstances at the local level, and better coordination between different levels of government can help implementation.
- **Balancing financing instrument mix:** Development Policy Financing (DPF) has supported important reforms in Colombia and mitigated the impact of the pandemic. An increased use of IPF and PforR would enhance IBRD capacity to generate a more direct impact, notably by targeting the most vulnerable groups. Recent experience in Colombia shows that results-based financing can increase implementation efficiency (Box 2). The WBG could help Colombia mobilize more private and public funding to address global challenges, notably forest and biodiversity protection, through initiatives like developing voluntary carbon markets and financial products, or broadening the green taxonomy.
- **Strengthening synergies across the WBG:** through solid collaboration on upstream activities with the IBRD, IFC was able to conduct sector policy dialogue on building market intelligence and improving the understanding of constraints, such as on enablers to increase private investment in sustainable urban transport solutions. Deepening this collaboration and exploring opportunities for coordinating IFC, MIGA, and IBRD support in areas such as financial inclusion, internationalization, climate finance, and rural development offers scope to enhance WBG impact.
- **Addressing capacity issues to expand PPPs:** recent IFC experience in promoting investments in hospitals and schools revealed lessons on how to increase private sector involvement through PPPs: 1) addressing limited local institutional capacity to manage long-term, complex contracts; 2) improving the ability of project implementation units to influence decision-making; 3) conducting early assessments of alternative project designs and contingent obligations; and 4) building gender equality and energy efficiency considerations into social infrastructure projects.
- **Improving the design of the CPF Results Framework (RF):** designing a more realistic RF that adequately reflects the scope and ambition of WBG engagement, with clearly formulated objectives and measurable indicators, would enhance the usefulness of the CPF for monitoring progress in implementing the WBG program.

37. Leveraging the combination of IBRD, IFC and MIGA instruments is key for achieving the CPF objectives, notably by promoting private sector development. Drawing from the third CLR lesson above, WBG collaboration could build on successful WBG support to private sector participation in infrastructure projects of subnational governments through PPP arrangements. Among areas with potential for WBG synergies, joint promotion of green and climate finance solutions stands out through coordinated upstream policy advice on the regulatory and institutional framework, structuring of bankable projects, and the mobilization and deployment of private investments.

38. Guided by corporate priorities and the recently adopted WBG Evolution Roadmap reforms, the CPF supports the government's commitment to addressing global challenges. Ongoing and proposed new interventions would position the WBG's Colombia program well to participate in the recently launched GCPs, notably the following ones: fast-track water security and climate adaptation, energy transition, efficiency and access, enhanced health emergency, prevention, preparedness, and response, accelerating

digitalization and forests for development, climate and biodiversity. The WBG will also contribute to other corporate priorities, such as promoting women and youth inclusion, improving the well-being of people in FCV environments, creating more and better jobs, and continuing to support Colombia in its exemplary efforts of supporting migrants and their host communities. The WBG aims to be a valued partner to Colombia in its proactive stance on contributing to these global priorities.

39. The WBG will increase its support to Colombia’s efforts towards meeting climate-related global challenges. Colombia’s objectives of halting deforestation and protecting biodiversity are key to global progress on the SDGs and climate commitments. The WBG (with development partners, notably the IDB) will support sustainable rainforest management, focusing on the Amazon and drawing on the corresponding GCP. This engagement will center on building a sustainable forest economy in critical forest ecosystems that manages, restores, and conserves natural resources, creates jobs, and protects the interests of smallholder and forest-dwelling communities. The WBG will deepen the mobilization of both public and private resources, leveraging climate finance and carbon markets.

40. Collaboration with development partners, such as the IDB, CAF, and UN system, is central to the success of the CPF and its contributions to the achievement of the SDGs in the country. There are synergies between the WBG’s ability to mobilize financial resources and the UN’s presence on the ground, particularly in conflict-affected areas, and ties with local communities and peacebuilding. The recent MoU between the IDB and the WBG can be put into practice through several potential joint operations in Colombia, such as on connectivity and digital health systems, TA on digital technologies in education, digitization of social protection targeting and delivery systems, and sustainable Amazon rainforest management. Cooperation with CAF currently includes potential new engagements in irrigation and energy transition. Finally, the DPF program is coordinated with IDB, CAF, *Kreditanstalt fuer Wiederaufbau* (KfW) and *Agence Française de Développement* (AFD).

Table 3. Alignment Between SCD Reform Priorities and CPF Objectives

SCD Update Priorities	CPF Objectives	Comments
1. Implement the rural development measures under the 2016 peace accord.	#2 Improve land titling and administration. #6: Improve productivity and innovation.	Given its relevance for the peace process, implementing the Comprehensive Rural Reform is a key government objective. Even though the IBRD will not get involved directly in the peace process, it will invest resources to create an enabling environment for peace through lending and analytical and technical support.
2. Boost learning in public schools.	#1 Improve access to quality services for all.	Recovering learning losses among primary school students is fundamental for strengthening Colombia’s human capital to sustain economic growth and well-being. Eliminating persistent inequalities in learning outcomes will be an important priority in WBG financial and analytical support.
3. Halt deforestation.	#8 Mobilize and deploy climate finance.	This challenge is a core WBG priority. Addressing it will require leveraging private and public resources under the GCP and implementing CDDR recommendations.
4. Enhance market competition.		No direct engagement is currently planned to foster market entry and exit conditions. However, the WBG will conduct analytical work and policy dialogue on this

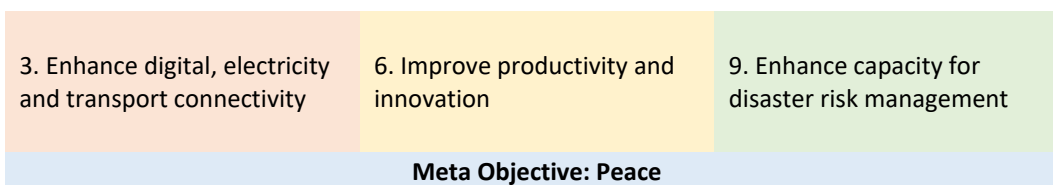
SCD Update Priorities	CPF Objectives	Comments
		agenda while seeking entry points to a direct engagement in the future.
5. Boost firm capabilities and innovation.	#3 Enhance digital, electricity and transport connectivity. #5 Deepen financial intermediation and inclusion. #6 Improve productivity and innovation.	WBG programs will aim to improve access to finance, transport, electricity and digital connectivity, which are pre-conditions for enhancing firm capabilities, especially in rural and remote areas. Other factors to enhance firm capability and innovation will be supported by analytical work.
6. Reducing the cost wedge between formal and informal employment.		While this challenge was repeatedly raised during consultations, the WBG does not currently engage directly in labor regulation. Although labor formalization is needed, reducing the cost wedge ranks low in government priorities.
7. Strengthen anticorruption mechanisms.		No direct engagement on anticorruption is currently planned beyond dialogue supported by analytical work. Support to subnational and national institutions is expected to strengthen control systems.

3.3 CPF Results Framework

41. The proposed RF, CPF objectives, and results indicators were defined following the application selectivity framework described in previous sections and organized around three HLOs that reflect Colombia’s development goals as expressed in the NDP. Because the lasting resolution of the internal conflict is a *sine que non* to improve economic opportunities and balance territorial development, peace is considered a meta-objective of the WBG program. Yet, given limitations on the WBG engaging directly in the peace process, the CPF objectives and indicators are not explicitly linked to direct peace-related progress. Table 4 provides an overview of the RF, which is summarized in the following (see Annex 1 for more details).

Table 4. High-level Outcomes and CPF Objectives

HLO 1	HLO 2	HLO 3
Promote Equitable Territorial Development and Social Inclusion	Advance the Sustainable and Inclusive Transformation of the Economy	Strengthen Resilience to Climate Change and Promote Low-Carbon Transitions
Objectives		
1. Improve access to quality services for all	4. Strengthen institutional capacity in national and subnational governments	7. Develop resilient and low-carbon infrastructure
2. Improve land titling and administration	5. Deepen financial intermediation and inclusion	8. Mobilize and deploy climate finance



42. HLO 1 - Promote equitable territorial development and social inclusion: this HLO responds to Colombia’s pervasive, persistent inequalities, which limit access to services of adequate quality and opportunities, most notably in remote, conflict-affected regions and for historically discriminated groups. Significant differences exist between higher- and lower-performing areas on several key social and economic dimensions, and the NDP’s focus on territorial development is motivated by these inequalities. Aligning with the NDP on this overarching territorial convergence goal is a central CPF tenet. The WBG’s engagement contributes to this HLO through ongoing and proposed interventions for more equitable access to basic services across the territory, improved land titling and management, and enhanced connectivity. The following three CPF objectives capture these dimensions of the HLO:

- Objective #1 - Improve access to quality services for all:** recent years have seen improvements in extending access to basic health, education, housing, and water and sanitation. However, access to these services is still not universal. Levels of child mortality from malnutrition and stunting are much higher in Colombia than in peer countries. The quality of services is fair in urban centers but inadequate in rural areas, particularly along the Pacific coast and other remote, conflict-affected regions. Indigenous and afro-descendants, as well as migrants, are disproportionately affected by a lack of access to basic services of adequate quality. Access to quality public services across the territory would improve with a more effective and equitable fiscal transfer system. The NDP prioritizes eliminating hunger in childhood and reaching universal access to education, health, water, and housing. It identifies concrete objectives, such as access to quality early childhood education, vital preventive care to substantially lower avoidable deaths, and improving the quality of existing dwellings. IBRD will support this objective with a mix of financing and analytical and technical assistance, including the forthcoming Human Capital Review, ongoing and potential new lending operations on nutrition and early childhood development, housing, education, and health (co-financed with the IDB), TA on school feeding programs, and water and transport investments in the Pacific. IFC focuses on expanding access to quality health and education by financing healthcare service providers, pharmaceutical producers, and tertiary education institutions. This is complemented by advisory support on digital transformation (*Digihealth*, *Digipharma* and *D4TEP* programs) and by exploring investments in technology for education. IFC is also seeking opportunities to structure PPP projects on urban infrastructure for water, wastewater, schools, and hospitals (social infrastructure). MIGA’s engagement will focus on private capital mobilization for sustainable urban development projects.
- Objective #2 - Improve land titling and administration:** strengthening territorial governance is a top government priority and a *sine qua non* to deliver on land-related commitments included in the 2016 peace accords. The effective implementation of the multipurpose cadaster (MPC) is key for strengthening land ownership and management. Updated information on land tenure will promote rural development by reducing the incidence of informality, land-use conflicts, illegal land use, such as the cultivation of illicit crops and deforestation, and forced dispossession. A systematic MPC rollout and land tenure formalization fosters more productive land use, improves incentives to invest in agriculture and forestry projects, and addresses access gaps. It also increases local tax revenue,

develops property markets, and frees up land for public infrastructure, contributing to territorial convergence. Finally, a properly implemented MPC is also a precondition for the sustainable management of natural resources, combating deforestation, and safeguarding biodiversity. The NDP aims to accelerate the multipurpose cadaster rollout from 9.4 percent in 2022 to 70 percent in 2026. The IBRD will deepen its support to land titling and administration through the ongoing and proposed follow-up lending operation on the MPC. Jointly with the IBRD, IFC will explore how to foster private investment in land management as part of this operation. Supplementary TA will help to enhance subnational capacity on cadaster and tax administration, and territorial planning. This engagement is coordinated closely with several partners, including the United Kingdom government, the Swiss State Secretariat for Economic Affairs (SECO), and IDB.

- **Objective #3 - Enhance digital, electricity and transport connectivity:** several regions face serious infrastructure and connectivity gaps, particularly in rural areas. Roads are generally not in good condition, many families lack access to electricity, and digital penetration is far below Colombia's peers. The NDP prioritizes expanding digital connectivity, promoting NCRE technology, and constructing and maintaining secondary and tertiary roads. IBRD will deepen analytical and technical assistance to increase public and private investment in climate-resilient multimodal transport infrastructure. Ongoing IBRD lending focuses on fluvial connectivity in the Pacific region. IFC will explore new investments in 5G transport projects and promote private participation in sustainable urban infrastructure and logistics. MIGA focuses on mobilizing private capital for improved road and port connectivity. New operations, potentially combining IBRD, IFC and MIGA support, are being explored in the electrification of urban transport. IBRD has undertaken analytical work on digital penetration in remote regions, which could lead to a joint financing operation with IFC (and coordinated with IDB and CAF). As part of this engagement, IFC will also explore investment opportunities to improve digital infrastructure and support the transition to a digital economy.

43. HLO 2 - Advance the sustainable and inclusive transformation of the economy: this HLO reflects the centrality of more robust and inclusive growth to reduce poverty and inequality in Colombia. The SCD update explains Colombia's modest growth over the past decades by an economic structure skewed towards low-productivity sectors and extractive-dominated exports. While sound macroeconomic policies helped sustain a stable growth path in the 2000s and early 2010s, the end of the commodity super-cycle and the pandemic crisis exposed the fragility of this progress. Low-productivity drivers need to be addressed - poor firm capabilities, weak institutions, inefficient factor and product markets, and the lack of infrastructure - to make growth more robust and dynamic and create more formal jobs. The NDP stipulates a productive transformation and internationalization to reduce reliance on hydrocarbon production, grow the productive capacity of micro and small enterprises (*economía popular*), and expand agricultural production and insertion in local and global value chains. The CPF focuses on key dimensions of these policies: 1) strengthening local institutional capacity, notably in local governments, 2) enhancing financial inclusion and intermediation, and 3) improving productivity and innovation, with a focus on the agricultural sector, through the following three objectives:

- **Objective #4 - Strengthen institutional capacity in national and subnational governments:** significant institutional gaps in subnational governments undermine regional convergence. Weak municipal capacity in public financial management (PFM) and planning and execution of local infrastructure projects impede an adequate provision of basic services. At the national level, institutional fragmentation has hampered PFM, reducing the quality and timeliness of information for policymakers. These challenges feature prominently in the NDP, which aims to strengthen the

decentralization framework and digital government to enhance the efficiency of state-citizen interactions. The impact of ongoing IBRD lending to strengthen capacity in subnational governments will be expanded through a proposed follow-up operation, drawing on ongoing analytical work and TA (with support from SECO). IBRD is also supporting the identification of institutional adaptations envisioned in the NDP to enable ethnic communities to participate more effectively in territorial development projects in remote and conflict-affected areas. IFC will explore opportunities in subnational finance and advisory services to build municipal capacity, focusing on gender, Environmental, Social, and Governance (ESG) practices and sustainable finance. At the national level, a Public Expenditure and Financial Accountability (PEFA) update, undertaken with support from AFD and the European Union, will provide a baseline for PFM reforms, complemented by TA on the design of fiscal policy, such as through analytical tools that simulate growth and distributional incidence of proposed reforms.

- **Objective #5 – Deepen financial intermediation and inclusion:** while Colombia has made progress on increasing the depth and efficiency of its financial sector, access to finance remains unequal. Only half of formal small firms have access to a bank loan or line of credit, compared to around 80 percent of medium and large firms. Account usage and acceptance of electronic payments in rural areas are still low. Furthermore, there are gaps in access to financial services for disadvantaged groups such as ethnic minorities and migrants, as well as women. The NDP incentivizes public and private institutions to offer improved access to financial services, modernize low-value payment systems as part of a strategy to promote e-commerce, and enhance the capacity of State-Owned Financial Institutions (SOFIs) to develop micro-finance programs, including strengthening cooperative banking. IBRD, IFC and MIGA are engaged through technical and financial programs on financial-sector efficiency and inclusion, including through digital doansformation, the emergence of new fintech providers, and expanding SOFIs. IBRD (supported by SECO) aims to strengthen the policy and regulatory framework for open finance, efficient payment systems, and sustainable finance. IFC continues to support the open banking ecosystem while focusing on the digital transformation of the financial sector and fostering inclusion for vulnerable population segments through instruments such as the Banking on Women Program and partnering with *Banca de las Oportunidades* to implement an open banking pilot and develop financing products for underserved sectors. Additionally, IFC will promote moveable asset-based lending and support the National Directorate on Taxes and Customs (*DIAN*) in improving electronic invoicing to increase access to finance for SMEs.
- **Objective #6 – Improve productivity and innovation:** the SCD Update and the Colombia CEM (under preparation) reveal that Colombian firms’ low capabilities in innovation and use of advanced technologies are a critical cause of poor trends in total factor productivity and the economy’s limited ability to generate formal jobs. Colombia’s low insertion in international trade and global value chains is both a source and a consequence of the country lagging its peers in competitiveness. Nearshoring may offer an opportunity to strengthen managerial capabilities, foster innovation, and raise investments in R&D. IBRD is supporting the NDP priority of boosting R&D, increasing productive capacity and non-extractive exports mostly through ASA, as well as indirectly through investments aiming to improve connectivity and renewable energy generation. IBRD is preparing a Whole-of-Economy ASA to explore policy options on innovation and technology leveraging in key sectors like bioeconomy, agriculture and tourism. TA is also being provided to enhance opportunities in public procurement for women-led firms, coupled with IFC’s efforts towards increasing women-led SMEs’ share in private-sector procurement. IFC is promoting firm innovation via investments in venture capital funds and advising firms on closing gender gaps, strengthening entrepreneurship, and

developing supply chains. The *TechEmerge* Program will enhance local capacity to develop innovative cooling technologies and business models. IFC will also seek opportunities to provide finance, advisory, and upstream support for firms in competitive manufacturing and retail sectors and energy-efficient warehouse development. Raising agricultural production capacity is an important part of this agenda for productive transformation and increasing non-extractive exports, and is also critical for other key development priorities: fostering social inclusion, increasing food security, sustainable management of natural resources, decarbonization and consolidating peace. In line with this, the third NDP transformation focuses on boosting agriculture productivity. The SCD Update recognizes the many constraints facing farmers, most notably small producers: 1) the absence of clear land ownership, 2) inefficient land use, 3) limited access to finance (including insurance), 4) low foreign investment, and 5) insufficient TA and extension services. Addressing these constraints requires redirecting public investment (and greater leveraging of private investment) for agricultural technology adoption, innovation and extension. In support of this agenda, new IBRD-financed operations are envisaged, focusing on sustainable capacity in family farming, upgrading irrigation systems, and access to finance for the sustainable transformation of agri-food systems, the latter in tandem with analytical work on climate-smart agricultural supply-chains. IFC will seek investment opportunities in agribusiness and continue to provide advisory services to firms on sustainable agriculture projects focused on improving productivity, reducing emissions, and promoting opportunities for women.

44. HLO 3 – Strengthen resilience to climate change and promote low carbon transitions: this HLO reflects Colombia’s ambitious international commitments to reduce GHG emissions and the imperative of transforming into a climate-resilient economy. The CCDD identifies three critical climate transitions: 1) moving from a climate-vulnerable to a climate-resilient economy, 2) reaching its net-zero GHG emissions commitment by 2050, and 3) preparing its economy for a world that will progressively demand less of its current main exports, oil and coal, and more green and low-carbon products. In line with these three transitions, the CPF focuses on three dimensions of Colombia’s climate policy priorities: 1) resilient and low-carbon infrastructure development, 2) climate finance, and 3) disaster risk management and response. Addressing these priorities implies investments in climate adaptation of transport, energy, and water infrastructure to close current infrastructure gaps, particularly benefiting vulnerable regions. Promoting a comprehensive government approach to adaptation and disaster risk management is also essential for enhancing public infrastructure and community resilience. Climate-smart fiscal policies can play a relevant role in aligning private incentives and providing climate finance in a coherent fiscal framework. The following three CPF objectives synthesize this focus:

- **Objective #7 - Develop resilient and low-carbon infrastructure:** substantial investments are needed to upgrade the resilience of Colombia’s infrastructure to increasingly frequent and severe natural disasters and climate change. Key CCDD recommendations include enhancing land information systems, updating infrastructure plans, establishing resilience units, and implementing modern asset management systems. To achieve territorial development and climate transitions, the CCDD advocates for transformative shifts in transport and energy, emphasizing electrification of mass transit and multimodal infrastructure and expanding the share of NCRE sources in the energy matrix. Substantial investments in climate-resilient roads and electricity infrastructure are vital, relying on green and climate financing, notably from the private sector. These priorities are covered in the fourth NDP transformation and include addressing land use change effects and promoting just transitions away from coal mining. IBRD will deploy analytical and TA resources to help develop green and resilient transport infrastructure and is supporting the government in designing energy transition solutions in

collaboration with other development partners. These engagements may result in new lending operations that would leverage private and blended finance. IBRD also plays a pivotal role in enhancing climate change efforts within Colombia's health sector, incorporating Disbursement-Linked Indicators in the second health PforR operation on adapting health infrastructure and services to minimum resilience standards. In coordination with IBRD, IFC will finance projects to increase NCRE generation, help utilities improve reliability, reduce distribution losses, improve efficiency through digitalization, and deploy energy storage solutions. IFC will seek opportunities to finance clean technology mobility solutions and develop bankable business models for mass transit systems to bolster private participation in sustainable urban infrastructure. IFC will also explore subnational investments in urban infrastructure that could be accompanied by ESG advisory. To support the country's green building market transformation, IFC will promote higher levels of ambition in resource-efficient buildings through EDGE Advanced certification, Zero Carbon buildings, portfolio decarbonization and Green Retrofits.

- **Objective #8 - Mobilize and deploy climate finance:** meeting Colombia's ambitious climate goals requires mobilizing additional resources from public and private sources. The CCDD estimates the additional investment needed the climate goals to be about 1.5 percent of GDP between 2023 and 2030. In the global arena, Colombia is calling for large increases in grant and concessional financing for global public good provision, as part of development finance ("A Marshall Fund for Climate"). Yet, in the short term, such financing is unlikely to compensate for Colombia's reduced fiscal space. It will thus be critical to attract more financing from private sources. IFC and IBRD are providing joint TA to further develop the national green taxonomy and green standards in the financial sector through the Joint Capital Markets Program (JCAP) supported by SECO. This involves implementing climate risk management guidelines, broadening the green taxonomy to include biodiversity, adaptation, and water, and developing a domestic legal framework for compliant and voluntary carbon markets. As part of this TA, IFC and IBRD are also helping establish a comprehensive regulatory framework for green PPP projects and building a sustainable infrastructure project pipeline. This support will be expanded, including instruments such as bonds linked to climate and biodiversity targets ("Amazonia bonds") in collaboration with the IDB and other partners. In partnership with IBRD, IFC will (through JCAP) continue to promote climate-finance solutions by expanding the pool of green assets. IFC will seek opportunities to finance private sector firms' decarbonization efforts and advise financial intermediaries on ESG standards, climate risk assessment methodologies, and opportunities in climate-smart agriculture. MIGA's engagement will focus on mobilizing private capital in support of sustainable development projects and climate finance. Other innovative financing solutions – such as outcome bonds and performance-based funding structures – will also be explored.
- **Objective #9 – Enhance capacity for disaster risk management (DRM):** Colombia faces growing exposure to more frequent and severe disasters caused by natural and climate hazards. The impact caused by extreme climate events (floods, droughts) in recent years has highlighted the need for instruments that allow a timely response to shocks. Natural hazards and climate risks represent one of Colombia's largest contingent liabilities, estimated to have a potential impact of up to 4.2 percent of its 2023 GDP.²¹ Recurrent shocks are imposing unprecedented challenges, especially for poor and vulnerable populations. This threatens to exacerbate existing inequalities and erode vulnerable populations' access to services. Enhancing DRM and climate change adaptation capabilities is thus

²¹2023 Medium-Term Fiscal Framework, Government of Colombia.

critical. Similarly, Colombia's policies, institutions and services need to be adapted better to public health threats aggravated by climate change. While the country has made substantial progress on risk mitigation, preparedness, response and recovery, several challenges persist. These challenges are primarily associated with policy implementation, strengthening risk management capacity within specific sectors and at the local level, and building resilient infrastructure. The government recognizes these challenges and has deepened the decades-long partnership with the WBG on DRM. Catastrophe Deferred Drawdown Options (CAT-DDOs) will continue to anchor IBRD support in mitigating risks. Given the progress made on DRM at the national level over the past years, the emphasis is now shifting to the subnational level. CAT bonds have been another important risk management tool for Colombia, and the government has expressed its intention to renew this insurance coverage. This instrument complements Colombia's DRM strategy by providing insurance against low-frequency but high-severity events. The new WBG Crisis Resolution Toolkit will complement existing DRM products, such as the IPF DDO and the possibility of embedding insurance coverage within loan agreements. An additional challenge is getting resources to disaster-impacted households quickly: IBRD will continue working with the DNP and the *Departamento para la Prosperidad Social* (DPS) to increase the social protection system's responsiveness in shock-affected communities.

3.4 Implementing the CPF

45. An indicative IBRD lending program in the range of US\$1-1.5b per FY is envisioned over the CPF's timeframe, with a balanced, innovative mix of instruments complemented by a focused ASA program.

The lending program will include a mix of development policy and investment financing and feature an increasing share of results-based financing in proportions guided by government demand (see Box 2 on the potential of PforRs).²² New IPFs will prioritize territorial development, addressing the needs of isolated, conflict-affected areas, such as the Pacific region. An expanding engagement area is mobilizing public and private financing for Colombia's efforts to address global challenges, drawing on the GCPs.

46. ASA will continue to inform program design, build capacity, complement investment project implementation, and address just-in-time requests. There will be an effort to consolidate the currently relatively high number of ASAs, prioritizing those generating the highest value to the client and informing dialogue on reform priorities. Efforts to mobilize trust funds and bilateral co-financing will continue as will the deployment of Reimbursable Advisory Services (RAS) in response to demand from national and subnational counterparts. The IBRD will extend its close collaboration with other development partners in ongoing and new projects, including co-financing or parallel investments in *Metro Bogotá*, *Plan Todos Somos Pazcífico* (PTSP) and the MCP.

²²This indicative lending program responds to government demand for new IPFs and PforRs in combination with a strong interest in maintaining DPFs. Actual IBRD lending will depend on performance of the existing portfolio, demand from other Bank borrowers, and other factors, including global economic developments that may affect IBRD's financial capacity.

Box 2. First Experiences with PforRs Reveal the Potential of this Instrument in Colombia

The IBRD delivered the first PforR in Colombia in FY20: the Program for Improving Quality of Health Care Services and Efficiency in Colombia. The effective implementation of this loan, which was disbursed almost entirely in less than three years, triggered government interest in expanding the use of this instrument. A second PforR, the Program for Improving Learning Outcomes and Socioemotional Education (PROMISE), was approved in early FY22, and a second Health PforR is scheduled for approval in FY24. These experiences illustrate the potential of result-based financing instruments in mobilizing complementary concessional and grant financing as well as increasing implementation efficiency. The first two PforRs have also served as “trailblazers” for the use of the instrument in Colombia, addressing complex legal issues, such as compliance with the Bank’s anticorruption guidelines and third-party results verification (in consultation with the chief public audit institution, the *Contraloría de la República*). Based on this, the IBRD could now seek a framework agreement to reduce transaction costs associated with verifying results in such results-based operations.

47. Implementation effectiveness and delays are a core concern. The CLR has identified lessons from implementation experience during the previous CPF cycle, notably with infrastructure projects in remote, low-capacity areas. These lessons include improving the operational readiness of new programs, avoiding complex institutional arrangements, involving local communities more directly in the planning and executing of public works, allocating adequate resources to security, and exploring innovative implementation and supervision arrangements, like those employed in FCV countries. Applying such lessons will be critical to turning around projects suffering from long implementation delays and subject to overly complex processes, such as the water and sanitation and fluvial transport projects under the *PTSP*. This mission to improve implementation goes beyond the IBRD portfolio – other public investment programs with or without external support face similar challenges – emphasizing the importance of government leadership. It will thus require sharing experiences and devising joint solutions with other international financial institutions coordinated by the DNP.

Box 3. Public Financial Management and Procurement Capacity

The IBRD has supported initiatives to strengthen elements of the country’s public financial management (PFM) systems that can be used to steward project funds. These systems include arrangements for planning and budgeting, funds flow, accounting and financial reporting, and auditing. Many IBRD operations have used such “country systems”, and further support is envisaged to increase the extent to which they can be relied upon as the use of ringfenced arrangements is further reduced. In addition, the IBRD will continue exploring innovations to strengthen fiduciary arrangements for projects, including using digital technology.

Over the past decade, Colombia has advanced substantially in public procurement by implementing standardized bidding documents in key sectors. Additional efforts are needed to implement legal and regulatory reforms in public procurement and improve transparency and public awareness of procurement processes to increase competition and streamline the resolution of administrative complaints. The IBRD will assist national and subnational institutions in enhancing accountability, transparency, and resilience by advocating the widespread adoption of the transactional electronic procurement system known as *SECOPII*. Furthermore, the IBRD will actively support the development of sustainable procurement policies and practices.

48. IFC’s investments are expected to increase from US\$535m per FY in the prior CPF period to US\$700m per FY. Drawing on its active upstream and advisory program, IFC will continue to support actions to improve firm-level competitiveness, enhance enabling conditions for private sector development, and deepen financial and social inclusion, with an growing focus on addressing climate change. IFC will broaden its investment program to strengthen the financial sector and increase financial inclusion for MSMEs, women and vulnerable groups (e.g., FDPs, LGBTIQ+ community), expand digital finance and develop capital

markets. IFC will increasingly deploy sustainable finance (green, blue, and social) and focus on mobilizing private capital.

49. MIGA will seek to deepen its already substantial engagement in Colombia with ongoing and new guarantee programs across the three HLOs. MIGA support will focus on health and logistic infrastructure, urban development, financial intermediation and support to MSMEs, and climate finance. No specific guaranteed envelope is targeted during the CPF period. MIGA’s portfolio has increased to more than US\$1.5b in FY23 from US\$290m in FY21, primarily driven by projects that support MSME access to finance, including those led by women, sustainable port infrastructure, quality healthcare services in Bogotá, and climate finance infrastructure. A flagship engagement is the *Bogotá COVID-19 Pilar 1* initiative, in which a MIGA guarantee allowed the city of Bogotá to secure long-term financing in local currency from an international lender to respond to the pandemic and strengthen healthcare infrastructure and services.

III. MANAGING RISKS TO THE CPF

50. While the overall CPF risk rating is assessed to be moderate, substantial risks are attributed to political and governance factors and limited institutional capacity for implementation and sustainability.

To mitigate political and governance risks, new programs are developed in areas with broad alignment on policy orientation with counterparts. Analytical underpinnings and in-depth policy dialogue help foster such alignments, as do the joint elaboration of policy matrices for DPLs with MHCP, DNP and sectoral counterparts. The growing concentration of WBG resources in programs at the subnational level will require broadening the dialogue with interlocutors in departmental and municipal governments and increasingly using national development banks to channel resources to these entities.

51. Strengthening institutional capacity is a core concern of WBG engagement. As the WBG aims to deploy more resources to remote, conflict-affected areas, implementation challenges will become more acute. Addressing these requires designing programs to fit local conditions closely, ensuring that implementation objectives and timetables are realistic, and involving communities more directly. Employing innovative solutions to implementation challenges at the subnational level, including those drawn from the FCV toolkit, is expected to facilitate achieving results more swiftly.

Table 5. SORT of Colombia’s CPF

Risk Category	Rating	If High or Substantial, please explain shortly why and mitigation measures to be implemented
1. Political and Governance	S	The government transition of 2022 has led to a shift in political priorities and key staff changes in ministries and Project Implementation Units (PIUs). This can affect the preparation and implementation of new programs. Mitigation measures across the portfolio will include: i) reestablishing high-level technical and operational support after turnovers, ii) deploying effective program- and local context-specific communication and citizen engagement strategies, and iii) recruiting dedicated and qualified staff in PIUs.
2. Macroeconomic	M	
3. Sector Strategies and Policies	M	
4. Technical Design of Project or Program	M	

5. Institutional Capacity for Implementation and Sustainability	S	In collaboration with the authorities, the IBRD will promote solutions to operating in low-capacity environments, such as: i) simplifying internal governance and decision-making of implementing agencies; ii) seeking to ensure better security on work sites, iii) promoting the participation of a larger pool of experienced private contractors, and iv) facilitating the direct and indirect involvement of local communities in IBRD projects, among others. IBRD support to enhance institutional capacity for implementation will continue through training (fiduciary, ESF, GEMS, etc.) and TA for PIUs.
6. Fiduciary	M	
7. Environmental and Social	M	
8. Stakeholders	L	
OVERALL	M	Moderate

Annex 1. CPF Results Matrix

High-Level Outcome 1 (HLO 1) – Promote Equitable Territorial Development and Social Inclusion		
<i>New HLO. The Colombia Systematic Country Diagnostic Update (P500038) did not include HLOs (presented to the Board on May 19, 2022)</i>		
High-level Outcome Indicators	Data source	Current value ²
1. Reduction in households' total housing deficit (percentage).	Source: Baseline DANE and Target NDP	<u>Baseline (2021): 31.0</u> <u>Target (2026): 26.0</u>
2. Reduce maternal mortality rate (number).	Source: Baseline SNIES and Target NDP	<u>Baseline (2020): 83/100,000</u> <u>Target (2026): 32/100,000</u>
3. Increase the coverage of Multipurpose Cadaster (percentage).	Source: Baseline and Target NDP	<u>Baseline (2022): 9.4</u> <u>Target (2026): 70</u>
<p>Rationale. Colombia faces pervasive, persistent inequalities, which limit access to services of adequate quality and to opportunities, most notably in remote, conflict-affected regions, and for historically discriminated groups. The economic recovery after the pandemic improved inequality and poverty, but not to pre-pandemic levels, and with an uneven impact on the population. Inequalities also manifest themselves across territories: the poverty rate in the Caribbean (21.4 percent) and Pacific (20.7 percent) regions rate almost doubled the national poverty rate in 2022 (12.9 percent).²³ The Bank's Equity Report of 2021 reflects these inequalities based on socioeconomic vulnerabilities, with Bogota's population being half as vulnerable as the one of the Amazonia region.²⁴ Differences in access to quality services are an expression of unbalanced territorial development. The SCD Update shows how Bogota's Human Capital Index is similar to Greece's (0.66), while departments such as Vichada, Guainia, and Vaupes report scores similar to some low-income countries in Sub-Saharan Africa. Disparities across several indicators²⁵ are even higher among different population groups, with indigenous peoples and afro-descendants, women and migrants being most disadvantaged across several dimensions.</p> <p>WBG engagement. Aligning with the NDP on this overarching goal of territorial convergence is a central tenet of the CPF. Despite implementation challenges, interventions under the <i>PTSP</i> program on water and connectivity will continue to ensure the WBG is where it is most needed. Lessons on how to be more effective in FCV-like contexts will be applied to address these implementation challenges. Current and new engagements in education, health, water and sanitation and multipurpose cadaster will put more emphasis on multi-sectorial coordination in lagging territories in close collaboration with the DNP. The WBG will also continue supporting the inclusion of Venezuelan migrants through financing and TA on policy reforms for improved socioeconomic integration of migrants and living</p>		

²³DANE (2023). *Pobreza Multidimensional por Departamento 2022*.

²⁴Average vulnerability in indicators associated with demography, housing quality, education, and jobs. Equity Policy Note World Bank (2022).

²⁵An indigenous person has two years of education less than a non-indigenous one, a woman has 1.7 more chances of being unemployed than a man, and 1/3 of migrants are out of school, compared to 1/10 of Colombian children. (World Bank. 2021. Building an Equitable Society in Colombia).

conditions of host communities, leveraging concessional financing where possible.²⁶ IFC will continue to engage in tertiary education and support improved access to quality healthcare services and pharma production with investment and advisory. In collaboration with subnational authorities, IFC aims to support the structuring of new social infrastructure (hospitals and schools) and water and wastewater projects.

Knowledge gap. WBG interventions have been driven by a sectorial agenda, with limited impact in lagging regions. Understanding capacity and institutional territorial gaps and the role of subnational governments in service provision will allow for more effective and integrated solutions to improve equity and inclusion.

Sustainable Development Goals (SDGs) associated. SDG1 – No Poverty; SDG2 – Zero Hunger; SDG3 – Good Health and Well-being; SDG4 – Quality Education; SDG5 – Gender Equality; SDG6 – Clean Water and Sanitation; SDG10 – Reduced Inequality; and SDG11 – Sustainable Cities and Communities.

CPF Objective 1: Improve Access to Quality Services for All

This is not a new CPF objective. The proposed objective combines objectives 3 and 4 of the previous CPF.

Rationale for the CPF objective. The government and the WBG recognize remaining challenges associated with access and quality to key services (nutrition, education, health, water and sanitation and housing), particularly in rural and lagging regions and among historically excluded populations.²⁷ The pandemic eroded access and quality of services, further undermining the country's potential for more equitable development. For example, it is estimated that the share of 10-year-olds who are "learning poor" (unable to read and understand a basic text) has increased from over 50 percent nationally (2019) to 80 percent (2023) because of pandemic school closures.²⁸ Similarly, the systematic exclusion of specific demographic groups such as ethnic minorities, women, farmers and conflict victims have made development gaps between them and the rest of the country persistent. Addressing such challenges requires concerted coordination between national and subnational governments and across sectors.²⁹ The NDP includes concrete measures for increasing territorial and social convergence, in terms of improved access to basic services, mainly: 1) increasing access from early childhood to tertiary education, 2) strengthening preventing care and the institutional framework of the health sector, 3) improving water sector regulation to safeguard access and ensure supply by alternative means, and 4) reducing the housing deficit in rural and urban areas through new housing projects and improvements to existing dwellings.

Lessons learned and new knowledge at the program level. PforRs in health and education can improve outcomes if they leverage well-established, clearly delimited programs. Program implementation in lagging regions affected by conflict or violence requires a differentiated approach, including solutions tailored to local circumstances using the FCV toolkit. Water and sanitation interventions must be expanded to include non-conventional solutions, particularly in rural areas, where land management issues persist and access to water sources is limited. ASAs can contribute significantly to understanding access issues in remote areas as illustrated by the RAS on strengthening local delivery of the school feeding program (*Programa de Alimentación Escolar - PAE*) among marginalized communities.

²⁶US\$132m in total concessional funding has been mobilized from the Global Concessional Financing Facility and the Global Public Goods Fund.

²⁷The urban-rural divide is evident: in large cities there are various options for access to health services and medicine, while such access is limited for small urban centers and rural areas for a lack of competition and weak distribution chains, among other problems. Only 39 percent of the rural population have access to potable water and 18 percent to sanitation services (Superintendencia of Public Utilities, 2023). Approximately 23 percent of households live in overcrowded and substandard housing. (*Gran Encuesta Integrada de Hogares*, DANE (2019)).

²⁸The State of Global Learning Poverty: 2022 Update, the IBRD estimates that the learning poverty rate among MICs in LAC increased from 52 in 2019 to 79 percent in 2022.

²⁹For example, access to safe water and sanitation reduces waterborne diseases, and housing improvements can lead to better education outcomes by reducing disruptive moves.

Investments targeted to socially excluded populations, such as migrants, have demonstrated positive impacts in addressing discriminatory practices and behaviors and closing the gap between vulnerable groups and the rest of society. There are opportunities to explore the role of the private sector through PPPs, like the recent IFC experience in promoting investments in hospitals and schools, that could be expanded if capacity issues³⁰ are tackled. A PPP model could also be used for housing and water and sanitation interventions in medium-sized and large cities.

Ongoing and planned WBG support for this objective. IBRD will continue supporting improvements in the quality of basic and higher education, improving housing conditions, and enhancing access to health goods and services, including through a follow-up PforR and a joint IBRD-IDB intervention on digital health. The IBRD will intensify its engagement on expanding the prevention of child malnutrition and improving early child development services while accelerating the treatment of acute malnutrition, reducing maternal mortality, and improving timeliness in treating breast cancer. IBRD will seek to accelerate the implementation of public works in water and sanitation infrastructure in isolated areas like the Pacific through innovative approaches and close supervision. This experience will be leveraged to design future interventions in regions affected by conflict. IBRD will explore opportunities to use ASAs to inform social sector policies, including a potential larger engagement in social protection and work with national and subnational counterparts, notably with the city of Bogotá. This includes analytical contributions through the forthcoming HCR and an ASA on institutional adaptations for better including ethnic groups in development processes. Investments in the social inclusion of discriminated groups, such as migrants, will continue, ensuring that this demographic shock is transformed into development opportunities for all. Working with healthcare service providers and pharma producers, IFC will enhance health sector outcomes through the Health Quality tool, the *Digihealth* program, and the implementation of *Digipharma*. Through *D4TEP*, a digital transformation program, IFC will continue supporting tertiary education institutions with advisory and investments to expand access, foster skill acquisition, and improve student experience and operational efficiencies. IFC will also offer advisory services on best practices in employability through *Vitae* and explore *EdTech* investment opportunities to promote digital skills, upskilling and reskilling processes.

IFC and FDN are working on a framework to co-structure social infrastructure projects, including the design, construction, and equipment for hospitals, schools, and water and wastewater projects. The Utilities for Climate platform of IFC will address climate change resilience and expansion of water and sanitation services in growing urban centers and through support to PPPs on wastewater treatment. IFC will also support the development of circular solutions for municipal waste through the Circularity Plus Platform. MIGA's engagement will focus on private capital mobilization for financing sustainable urban development projects, including health and education infrastructure and services, housing services and housing-related electricity and water supply projects in several cities.

Key risks and mitigation. Changes in government priorities, high turnover of decision-makers, and inadequate project designs, including implementation arrangements, are key risk factors that could potentially undermine impact. Current projects will be restructured, and new projects will be designed to reflect government priorities. For the projects in the Pacific region, IBRD and its counterparts have agreed on frequent monitoring meetings to assess progress, particularly after the recent procedural and institutional changes. In health and education, the engagement will continue supporting key technical aspects of the reforms being put forward by the new administration while reinforcing their resilience to shocks and pandemics. On water and sanitation, IBRD will continue advising on designing reform programs and exploring investment opportunities in large infrastructure projects like the Canoas Water Treatment plant.

Link to WBG Scorecard. This objective is related to the following outcomes: protection for the poorest (Outcome 1), no learning poverty (Outcome 2), healthier lives (Outcome 3), and inclusive and equitable water and sanitation services (Outcome 6).

³⁰These issues include: 1) limited institutional capacity (and high turnover of public officials) at the local level on managing long-term, complex contracts; 2) limited ability of PIU staff to influence decision-making processes; 3) insufficient early assessments of alternative project designs and/or contingent obligations that might materialize.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 1.1: People provided with improved urban living conditions. <u>Baseline (2024): 0</u> <u>Target (2026): 709,592</u> <i>Of which female: 283,800</i> <i>Of which Venezuelan migrants: 120,130</i> <i>Source: ISR P172535 – sequence: September 21, 2023</i></p> <p>OI 1.2: Number of students from disadvantaged backgrounds enrolled in tertiary education (number). <u>Baseline (2022): 1,452,456</u> <u>Target (2026): 1,520,000</u> <i>Source: ISR P160446 – sequence: April 2023</i></p> <p>OI 1.3: Pregnant women under follow-up care, registered at the individual level (Percentage) <u>Baseline (2023): 0</u> <u>Target (2026): 70</u> <i>Source: PAD P180534</i></p> <p>OI 1.4: Number of people provided with access to improved water sources (number). <u>Baseline (2023): 0</u> <u>Target (2026): 150,000</u> <i>Source: Restructuring Paper P156239</i></p> <p>OI 1.5 Number of Prioritized Departments with children under 5 years old identified, reported, and receiving treatment for acute malnutrition (Number). <u>Baseline (2023): 0</u> <u>Target (2026): 10</u></p>	<p>SPI 1.1: Rural School Feeding Model implemented in local governments. <u>Baseline (2023): 0</u> <u>Target (2024): 5</u> <i>Source: ASA P181136 (RAS)</i></p> <p>SPI 1.2 Value of financing facilitated for water, wastewater, or social infrastructure PPP structured by IFC. <u>Baseline (2023): 0</u> <u>Target (2026): US\$75 M</u> <i>Source: Cucuta Wastewater PPP (605571), Cucuta Health PPP (607365)</i> <i>IFC AS Project supervision reports</i></p>	<p><u>Ongoing Financing:</u></p> <ul style="list-style-type: none"> Colombia: Resilient and Inclusive Housing Project (P172535) – IPF Access and Quality in Higher Education Project (P160446) – IPF Program for improving learning outcomes and socioemotional education (PROMISE) (P176006) – PforR Enhancing Waterway Connectivity and Water Service Provision in Colombia's Plan Pazcifico (P156880) – IPF CO Plan PAZcifico:Water Supply and Basic Sanitation Infrastructure and Service Delivery Project (P156239) Improving Quality of Health Care Services and Efficiency in Colombia (P169866) - PforR Equitable and Green Path DPL (P180566) Colombia: Social and Economic Integration of Migrants DPF (P176505) <p><u>Financing Pipeline:</u></p> <ul style="list-style-type: none"> Wastewater management for environmental restoration and water security in the Bogota River Basin (P178932) – IPF Digital Transformation for Effective Healthcare in Colombia (P181586) – IPF Program for Improved Access to Health Services for the Vulnerable and Enhanced Health System Resilience (P180534) – PforR Equitable and Green Path DPF II – (P180927) <p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> Strengthening design, delivery, and adaptiveness of Colombia’s social protection system (P177717) Improving Equity and Effectiveness of the Colombian School Feeding Program – PAE (P178652) Supporting Educational Trajectories for Closing Gaps in (P179580) Closing the post-pandemic gender gap in Bogota (P176408) Colombia Poverty and Equity Assessment (P500643) Health Sector Resilience to Climate and Health Shocks (P179860) Colombia Human Capital Review (P178449) Strengthening Bogota’s Education System to protect students’ educational trajectories (P179517)

<p>Source: PAD P180534</p>		<ul style="list-style-type: none"> • Strengthening the Local Service Delivery of the Colombian School Feeding Program – PAE (P181136) • Improving access, quality and inclusiveness of early childhood development and nutritional programs in Colombia (P180520) • Venezuelan Migration Policy Dialogue and Technical Assistance (P177751) • Support to DNP for the Social Inclusion Institutional Framework (P500562) <p><u>ASA Pipeline:</u></p> <ul style="list-style-type: none"> • N/A <p><u>IFC investment and advisory portfolio</u></p> <ul style="list-style-type: none"> • Cucuta Wastewater PPP (605571) • Triada II (46827) • Digital for Tertiary Education Program (D4TEP) (605973) • Vitae (601920) <p><u>IFC investment and advisory pipeline</u></p> <ul style="list-style-type: none"> • Cucuta Health PPP (607365) • PPPs for water and sanitation, hospitals, and schools. • Subnational finance • Utilities for Climate Scoping – LAC Cities (604506) • Investments in tertiary education institutions, healthcare services and pharma providers <p><u>MIGA guarantees</u></p> <ul style="list-style-type: none"> • Financiera del Desarrollo S.A. • Banco Davivienda • COVID-19, Pilar 1 (municipality of Bogota)
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CPF Objective 2: Improve Land Titling and Administration

Yes, this is a new objective. This objective is directly related to the first transformation proposed by the NDP, which emphasizes the need to survey the territory and regularize landownership through implementing a modern multipurpose cadaster system as a key element of implementing the 2016 peace accords.

Rationale for the CPF objective. Strengthening territorial governance is a key government priority and a *sine qua non* to deliver on land-related commitments included in the 2016 peace accords. This is recognized in the 2022 SCD Update, which identifies implementing a comprehensive rural reform (*Reforma Rural Integral - RRI*) as essential to creating economic opportunities in lagging conflict-affected areas, underlying the importance of rolling out the multipurpose cadaster (MPC) as an enabling condition. Updated information on land tenure will facilitate the implementation of the *RRI* by addressing informality and reducing land use conflicts and forced land dispossession. Improved land property management through the MPC will also foster the productive use of the land in rural areas by improving the incentives to invest in agriculture, livestock, and forestry projects. It will also promote balanced development in urban areas by making the land market more efficient, increasing revenue, and freeing up land for infrastructure projects. Finally, a properly implemented MPC will promote sustainable management of natural resources, protecting rainforests and biodiversity. According to the NDP, as of March 2022, only 20.4 percent of the Colombian territory had updated cadastral information, and as of latest available information in 2023, around 43,300 land tenure titles have been formalized. Although this indicates progress, security and limited local capacities limitations remain key obstacles for surveying the territory in remote and conflict-affected regions. The NDP contains 28 articles related to land administration and cadaster, including the development of the Territorial Administration System (*Sistema de Administración del Territorio – SAT*) and the active engagement and participation of ethnic authorities in collective territories as a necessary step to meet the main goals of the *RRI*.

Lessons learned and new knowledge at the program level. Land titling and administration are one of Colombia's most relevant development challenges given its overarching implications. Comprehensive and effective multipurpose cadaster information is key for land tenure regularization, dispute resolutions for land tenure-related conflicts, urban and rural planning, land use management, disaster risk management, and environmental monitoring. Implementing the MPC requires coordination between the different levels of government and across multiple institutions with different capacities, which opens collaboration opportunities. There is the possibility to work with the private sector through PPPs to maintain land registries and digitalize systems in secondary cities and to integrate women and indigenous and afro-descendant communities when surveying their territories to ensure protocols consistent with the ethnic groups' practices, their collective land tenure regimes, territorial autonomy, and governance systems.

Ongoing and planned WBG support for this objective. IBRD will continue to promote institutional strengthening for national-level entities, including developing the value chain for systematic cadaster rollout, land titling and registration. A proposed follow-up MCP operation seeks to help further improve the national cadaster systems efficiency and substantially expand its geographic coverage in collaboration with partners like the UK government. Supplementary TA will help enhance subnational capacity for cadaster and tax administration. Close collaboration with partners, such as SECO, will support the enhancement of Colombia's spatial data infrastructure, the design of technical standards for the cadaster, and the implementation of a data model for cadaster-registry. IFC will explore opportunities for fostering private investment in land management as a structuring advisor for a potential PPP program as part of the activities identified in the PforR.

Key risks and mitigation. The proposed PforR on MCP poses a substantial fiduciary stakeholder risk as it would involve collaborating with municipal governments and communities on collective land tenure. This will be a sensitive effort, as land rights can often be a source of conflict. Working in the field will require an adequate understanding of the social context and mitigating conflict-related risks through active communication with the local community. Stakeholder coordination to ensure solid social involvement will be critical in this regard.

Link to WBG Scorecard. This objective is not linked directly to a scorecard indicator but is a fundamental stepping stone in Colombia’s path towards peace.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 2.1: Number of persons with titles issued (individual or collective) <u>Baseline (2024): 16.921</u> <u>Target (2025): 67.000</u></p> <p>Source: ISR P162594 – sequence: May 15, 2023</p> <p>OI 2.2: One pilot project structured for private capital engagement in the operation of the multipurpose cadaster. <u>Baseline (2023): No</u> <u>Target (2026): Yes</u> Source: Program Document P181163</p>		<p>Ongoing Financing:</p> <ul style="list-style-type: none"> • Multipurpose Cadaster Project (P162594) – IPF • Equitable and Green Path DPL (P180566) <p>Financing Pipeline:</p> <ul style="list-style-type: none"> • Colombia Multipurpose Cadaster (P181163) – PforR <p>Ongoing ASA:</p> <ul style="list-style-type: none"> • Colombia subnational capacity building on Cadaster and Tax Administration (P176119)
<p>CPF Objective 3: Enhance Digital, Electricity and Transport Connectivity</p>		
<p>Yes, this is a new objective. This objective is related to the fifth transformation proposed by the NDP and contributes to the efforts of the administration to promote regional convergence.</p>		
<p>Rationale for the CPF objective. Some Colombian regions facing serious infrastructure connectivity gaps, particularly in rural areas,³¹ which undermine efforts to promote equity and regional convergence, one of the key transformations promoted in the NDP. Addressing these gaps is key to promoting a more even</p>		

³¹According to the NDP, 66 percent and 97 percent of secondary and tertiary roads are unpaved, more than 500,000 households still lack access to any form of electricity service, and digital penetration is below Colombia's peers (in the Amazonas Department, less than half of the households use the internet, 38 percent because of lack of coverage)

territorial development. For example, closing the digital gap³² strengthens human capital and access to financial services, and closing the road infrastructure gap³³ implies better access to goods and services³⁴ and reduces firms' logistic costs.

Lessons learned and new knowledge at the program level. Implementing infrastructure projects in remote and conflict-affected areas requires people-centered approaches that involve the community in implementation to promote accountability and inclusion. Showing quick gains on the ground is important to keep the community involved, particularly in lagging regions where a reduced state presence has undermined the trust in institutions. Sourcing labor from the communities to build rural roads can generate employment opportunities for women and youth and develop entrepreneurial skills (finance, marketing, contract management). The earnings these microenterprises generate can be invested in other productive firms and become multipliers of economic opportunities in their communities.

Ongoing and planned WBG support for this objective. The WBG will continue to promote connectivity through lending, TA and analytical contributions and enable increased private sector participation. On digital connectivity, IBRD will focus on delivering high-speed internet to remote regions and enhancing access to digital services. On electricity, it will support the implementation of energy solutions in remote areas underserved by the electrical grid, such as through "energy communities. IFC will support the development of digital business models that promote infrastructure sharing and last-mile connectivity and seek opportunities to finance the expansion of mobile operators' services and fixed internet, data center developments and tower deployments to contribute to closing the digital gaps. IBRD support to rural transport will focus on the creation of a new rural roads national agency to provide additional institutional and investment capacity, the design and prioritization of investments in connectivity infrastructure in the Amazonian and improving fluvial connectivity in the Pacific (PTSP). IFC will continue exploring investments in 5G projects (roads, rail, waterways), support private participation in sustainable urban infrastructure and logistics, and provide technical assistance to mobilize private investments in PPPs. MIGA's engagement focuses on mobilizing private capital to support improved road transportation and port connectivity. To enable people-centered development in remote and conflict-affected areas, IBRD is also advancing an analysis of the capacity gap for local communities and ethnic minorities to plan, implement, supervise, and manage public investments.

Key risks and mitigation. Building infrastructure in remote areas faces several complications associated with high costs, lack of capacity, security threats and lengthy and complex government processes that fail to consider local contextual factors. Experiences with projects in the Pacific have shown that technical solutions should be adapted to the characteristics of the territories being intervened in and consider the role of local communities in delivering infrastructure services. Lessons from the implementation of the projects under the PTSP will inform the design and implementation of other infrastructure programs, such as the proposed digital transformation project and a multisectoral rural infrastructure program that could focus on enhancing the coverage and quality of rural transport infrastructure and promoting community-based energy solutions.

Link to WBG Scorecard. This objective is related to the following outcomes: connected communities (Outcome 8) and digital services (Outcome 11).

³²Only 24 percent of rural households have access to fixed or mobile internet compared to two thirds of urban households (CPSD, 2023). According to the LAC Digital Economy Country Diagnostics (2022), fixed broadband penetration varies significantly across departments. Highly urbanized departments have fixed household subscriptions well above the average (Bogotá, 75 percent, Antioquia, 62 percent, Valle del Cauca, 53 percent), while less populated ones (such as Amazonas, Vaupes, Vichada), have rates below 5 percent.

³³The World Economic Forum (WEF) 2019 Competitiveness Report ranks Colombia as 104 out of 141 countries on the quality of road infrastructure. According to the National Logistics Survey, DNP (2020), transport accounts for 30.7 percent of the total logistics cost, with small firms facing twice the costs incurred by medium and large firms.

³⁴The CCDR (2023) shows that as a result of poor rural road conditions and low road density, 10.6 million people in remote departments like Vichada, Chocó and Putumayo experience low accessibility (60 minutes travel time or more) to basic services (provincial hospitals, higher education, or public administration).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 3.1: Percentage of households with internet access in rural areas. <u>Baseline (2022): 32%</u> <u>Target (2026): 49%</u> <i>Source: World Bank estimates based on PND and DANE data.</i></p> <p>OI 3.2: Number of kilometers of non-concessional national roads incorporating risk analysis and risk reduction actions in new construction, renovation and/or upgrading projects. <u>Baseline (2024): 0</u> <u>Target (2025): 1.160</u> <i>Source: ISR P176650 – sequence: December 15, 2022</i></p>	<p>SPI 3.1: Recommendations for the design of Colombia’s multimodal infrastructure program to prioritize investments into next-generation and climate-resilient multimodal transport facilities. <u>Baseline (2023): no recommendations existent</u> <u>Target (2024): Report with recommendations delivered.</u> <i>Source: deliverable in ASA P179834</i></p> <p>SPI 3.2: Beneficiary municipalities with docks built that include gender-based violence prevention environmental design and the specific needs of the elders and people with disabilities. <u>Baseline (2023): 0</u> <u>Target: (2025): 5</u> <i>Source: Restructuring Paper P156880</i></p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> Enhancing Waterway Connectivity and Water Service Provision in Colombia’s <i>Plan Pazcifico</i> (P156880) – IPF <p>Financing Pipeline:</p> <ul style="list-style-type: none"> Closing the digital gap in Colombia (P180648) – IPF Colombia Green and Resilient 2nd DPF (P181080) – DPF Rural INF program (NEW) <p>Ongoing ASA:</p> <ul style="list-style-type: none"> Support to the Road Safety Assessment Program in Colombia led by the National Road Safety Agency (ANSV) (P178512) Support to the development of Colombia’s Multimodal Infrastructure Pipeline (P179834) Colombia Low Carbon and Resilient Energy ASA (P178980) Rural Infrastructure Program ASA (new) Support to DNP for the Social Inclusion Institutional Framework (P500562) <p>ASA Pipeline:</p> <ul style="list-style-type: none"> N/A <p>IFC investment and advisory portfolio</p> <ul style="list-style-type: none"> Bogota Caracas Sur (38347) DFP UPI Fund II (44984) Rionegro Fixed Neutral Broadband Project (606765) <p>IFC investment and advisory pipeline</p> <ul style="list-style-type: none"> PPP pipeline Financing for 4G and 5G infrastructure <p>MIGA quarantees</p> <ul style="list-style-type: none"> Uraba Port

High-Level Outcome 2 (HLO 2) – Advance the Sustainable and Inclusive Transformation of the Economy

New HLO. The Colombia Systematic Country Diagnostic Update (P500038) did not include HLOs (presented to the Board on May 19, 2022)

High-level Outcome Indicators	Data source	Current value ²
1. Increase the agricultural production of prioritized agricultural chains	Source: <i>Baseline and Target NDP</i>	<i>Baseline (2022): 35.3 tons</i> <i>Target (2026): 38.9 tons</i>
2. Percentage of adults who made or received a digital payment	Source: <i>World Bank Findex</i>	<i>Baseline (2021): 52.11%</i> <i>Target (2024): 65%</i>
<p>Rationale. The SCD Update identifies low productivity, inefficient factor markets, and limited competition as chief constraints for sustainable and inclusive growth and job creation in Colombia. These constraints could be addressed by promoting competition and formalization, enabling cost-reducing infrastructure and services related to trade, and channeling financial sector resources to all types of firms – particularly those that are small and located in remote locations. The government recognizes these challenges, particularly focusing on labor market reforms and enhancing agriculture sector productivity as key element of the Comprehensive Rural Reform (<i>Reforma Rural Integral - RRI</i>). The NDP stipulates a productive transformation and internationalization to reduce reliance on hydrocarbon production, grow the productive capacity of micro and small enterprises (<i>economía popular</i>), and expand agricultural production and insertion in local and global value chains. The latter is also fundamental for improving food security, generating income for small farmers, rendering agricultural production more sustainable and promoting growth through more diversified exports.</p> <p>WBG engagement. WBG’s current and past analytical work provides insights and policy options on increasing productivity, economic opportunities, and sustainable practices in the agriculture sector, informing the preparation of new operations for sustainable development of family farming and access to finance to transform agrifood systems. IBRD supports financial sector reforms following the 2021 FSAP Update recommendations on digitalization, inclusion, and stability through a SECO-funded TF. It will also continue engaging in other aspects of the government’s strategy for productive transformation through ongoing and planned analytical work and advisory services. IFC will continue working with financial intermediaries (FIs) in product development for underserved segments, supporting the open banking ecosystem through open finance and data initiatives, promoting digital transformation, and developing digital financial services.</p> <p>SDGs associated. SDG2 - Zero Hunger; SDG8 - Decent Work and Economic Growth; SDG9 - Industry, Innovation, and Infrastructure; SDG12 - Responsible Consumption and Production & SDG17 - Partnerships for the Goals.</p>		

CPF Objective 4: Strengthen Institutional Capacity in National and Subnational Governments

This is not a new CPF objective. The proposed objective is aligned with objective 1 of the previous CPF.

Rationale for the CPF objective. Institutional capacity in public financial management (PFM) and planning and execution of local infrastructure projects vary widely across departmental and municipal governments, undermining regional convergence.³⁵ These local capacity gaps impede an adequate provision of basic services in many areas, together with suboptimal vertical and horizontal intergovernmental coordination, and allocation of resources across government levels. At the national level, institutional fragmentation has reduced the quality and timeliness of information for policymakers on PFM. These challenges feature prominently in the NDP, which sets objectives for strengthening the decentralization framework and digital government. Additionally, strategies such as *Colombia Enseña Colombia*, coordinated by the Presidential Agency for International Cooperation (APC) aim to provide local actors with knowledge management tools and participatory methodologies.

Lessons learned and new knowledge at the program level. Lessons in this area suggest that establishing partnerships with central-level counterpart institutions, like the MHCP and DNP, is key to developing capacity-building strategies and tools that incentivize the subnational governments to participate proactively.³⁶ Showing quick gains, like an increase in local revenue or central government transfers resulting from better information, can help convince subnational governments (SNGs) to adopt accounting, planning and human resources systems. Improving vertical and horizontal coordination and cooperation requires a consolidated and streamlined supply of management tools and TA from the national government and promoting the economy of scales and peer-to-peer learning at the subnational level.

Ongoing and planned WBG support for this objective. IBRD is preparing a follow-up operation to the ongoing project supporting SNGs, drawing from ASA supported by SECO and incorporating lessons learned from the previous, ongoing IPF on Subnational Institutional Strengthening. The follow-up operation aims to expand the number of supported municipalities, focusing on planning, executing and monitoring basic service delivery. IBRD is also supporting the identification of institutional adaptations envisioned in the NDP to enable ethnic communities to participate more effectively in territorial development projects in remote and conflict-affected areas. IBRD will continue supporting the establishment of a national policy framework on producing and using PFM information and explore other IBRD instruments to support the next phase of PFM reforms in collaboration with partners like SECO. A Public Expenditure and Financial Accountability (PEFA) update, undertaken with support from AFD and the European Union, will provide a baseline for PFM reforms, complemented by TA on the design of fiscal policy, such as through analytical tools that simulate growth and distributional incidence of proposed reforms. IFC will explore opportunities to provide subnational finance and advisory services to build institutional capacity at the municipal level, with a focus on gender, ESG practices and sustainable finance.

Key risks and mitigation. Programs at the subnational level need to be tailored to capacity limitations and social and political circumstances specific to project areas and require effective institutional arrangements between different levels of government, including close involvement of local political leadership, such as mayors or leaders of traditional communities. To ensure these conditions are in place, IBRD will rely on lessons learned and working relationships established during the implementation of the Subnational Institutional Strengthening program to inform the design of the follow-up operation, which could be undertaken under a PforR format. Similarly, IFC municipal finance projects also have and will continue to require supervision and capacity-building efforts of counterparts during preparation and implementation.

³⁵The DNP's municipal capacity index shows that in 2021, only 19.7 percent of municipalities belonged to the high-capacity group, while 39.6 percent were included in the middle-lower or low-capacity groups (this capacity index is a component of the Municipal Performance Measure – MDM).

³⁶Lessons are derived from the following projects: Public Financial Management Program (P170468) and Subnational Institutional Strengthening Program (P123879).

Link to WBG Scorecard . This objective is related to effective macroeconomic and fiscal management (Outcome 4).		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 4.1: Percentage of municipalities with an improved management score in the Municipal Performance Measure (MDM) index. <i>Baseline (2024): 60%</i> <i>Target (2026): 70%</i> <i>Source: ISR P123879 – sequence: May 16, 2023.</i></p> <p>OI 4.2: Percentage of progress in the implementation of the PFM Information System <i>Baseline (2024): 0%</i> <i>Target (2026): 30%</i> <i>Source: Action and Monitoring Plan of the National Policy for PFM Information (CONPES 4008 of 2020).</i></p>	<p>SPI 4.1: Experienced-based corruption indicators for national and subnational level developed. <i>Source: ASA P181100</i></p> <p>SPI 4.2: Tools to improve Public Financial Management (PFM) in selected sectors developed and implemented at the national and sub-national levels. <i>Source: ASA P170468</i></p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> Subnational Institutional Strengthening (P123879) <p>Financing Pipeline:</p> <ul style="list-style-type: none"> Strengthen the Decentralization Framework (P181210) <p>Ongoing ASA:</p> <ul style="list-style-type: none"> ASA on Anticorruption and Data Analytics (P181100) Strengthening Public Financial Management in Colombia (P170468) Strengthening the Digital ID Ecosystem (P177034) <p>ASA Pipeline:</p> <ul style="list-style-type: none"> Strengthening Public Financial Management in Colombia (P170468) <p>IFC investment and advisory portfolio and pipeline</p> <ul style="list-style-type: none"> Bogota E&S Capacity Building (606454)
CPF Objective 5: Deepen Financial Intermediation and Inclusion		
<p>Yes, this is a new objective. This objective contributes to the second transformation proposed by the NDP. It is also related to the objective of reducing poverty by providing less cost-effective access to capital for MSMEs and small producers.</p>		
<p>Rationale for the CPF objective. Colombia has made progress on increasing the depth and efficiency of its financial sector, yet access to finance remains unequal.³⁷ Account usage and acceptance of electronic payments in rural areas are still low and while financial inclusion in Colombia is generally considered high,³⁸ there are gaps in access to financial services for disadvantaged groups such as ethnic minorities and migrants, as well as women. The 2022 SCD Update identified the urban-rural gap in access to finance and the MSME financing gap³⁹ as key constraints to growth and productivity, particularly given the MSMEs’ limited access to financial markets. In response to these challenges, the government (mostly through the NDP) aims to incentivize public and private institutions to offer improved access to financial services. Policy priorities in this regard are: 1) developing a framework for open data; 2) increasing interoperability and speed of low-value payment systems; and 3) enhancing the capacity of State-Owned Financial Institutions (SOFIs) to develop micro-finance programs, including strengthening cooperative banking.</p>		

³⁷Low account usage persist (75 percent of adults), acceptance of electronic payments is still low, particularly in rural areas, and their costs are relatively high. The 2017 Enterprise Survey shows that only half of the formal small firms have a bank loan or line of credit, compared to around 80 percent of medium and large firms.

³⁸Over 90 percent of adults owning at least one financial product. *Banca de las Oportunidades, Reporte de Inclusión Financiera* (2021).

³⁹The MSME finance gap is estimated as the difference between current supply and potential demand which can potentially be addressed by financial institutions. (<https://www.smefinanceforum.org/data-sites/msme-finance-gap>).

Lessons learned and new knowledge at the program level. Digital transformation, the growing presence of new market players, such as fintech companies, and the expanding role of SOFIs are key to fostering financial inclusion and financial intermediation in Colombia. There is a need to accelerate structural reforms to increase the digitalization of financial services and intensify SOFIs' efforts to support non-bank credit providers to diversify financial sector intermediation.

The WBG's ongoing and planned support for this objective. The WBG will continue supporting the development of an open finance and data framework to foster financial inclusion and competition, efficiency in payments systems, an end-to-end architecture for social assistance payments, and financial products for firms at the bottom of the pyramid and will explore supporting the regulatory framework of cooperatives. IFC will continue to support women-owned MSMEs through the Banking on Women Program.⁴⁰ Additionally, IFC's engagement will continue to support the open banking ecosystem jointly with IBRD, promote the digital transformation of FIs, develop digital financial services, and undertake initiatives to ensure improved access for afro-descendant and indigenous communities, as well as other vulnerable segments of the population, such as migrants, forcibly displaced people or the LGBTI+ community. IFC is also exploring solutions to serve low-income and rural markets through banks and microfinance cooperatives, with advisory services, and will continue to support increased access to finance for SMEs through moveable asset-based lending.⁴¹ Support provided for the development of capital markets via JCAP reinforces this objective. MIGA engagement will focus on advancing financial intermediation by mobilizing private capital to support improved credit access to small and medium-sized enterprises, with a dedicated effort to identify and target those women-owned.

Key risks and mitigation. The relatively fragmented initiatives aimed at enhancing efficiency and inclusion in the financial sector call for deepening WBG collaboration and exploring opportunities for coordinated approaches in areas such as financial inclusion, climate finance and rural development.

Link to WBG Scorecard. This objective is related to Gender equality and youth inclusion (Outcome 12).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 5.1: Number of successful API requests for payment initiation (cumulative) <i>Baseline (2022): 0</i> <i>Target (2026): 4.5m</i> <i>Source: Financial Superintendency of Colombia</i></p>	<p>SPI 5.1: Number of regulatory changes issued to implement different aspects of Fast Payments Systems. <i>Baseline (2022): 0</i> <i>Target (2026): 4</i> <i>Source: Banco de la República</i></p>	<p>Financing Pipeline:</p> <ul style="list-style-type: none"> • Equitable and Green Path DPF II (P180927) • Access to Finance for the Sustainable Transformation of Agrifood Systems (P181242)
<p>OI 5.2: Outstanding Microfinance Portfolio (#) of IFC clients – disaggregated by gender. <i>Baseline (2022): 402,939, of which women</i></p>	<p>SPI 5.2: Number of regulatory changes issued to implement different aspects of</p>	<p>Ongoing ASA:</p> <ul style="list-style-type: none"> • Building a Sustainable and Modern Financial Sector (P177687) • Strengthening Financial Cooperatives – Center of Excellence and Country Work (P172240) <p>ASA Pipeline:</p>

⁴⁰This program focuses on increasing access to finance to the WVSME (women-owned, very small enterprises, micro and SMEs) segment (with lines from US\$5,000 to US\$2m) through commercial banks and supports (Non-banking financial institutions) with WVSE portfolios. This program has given access to credit for over 800,000 microentrepreneurs.

⁴¹This will be done through (i) an alliance with *Banca de las Oportunidades* to develop innovative financing products for underserved sectors; ii) advisory services to National Directorate on Taxes and Customs (DIAN) in improving digitalization and electronic invoicing; and iii) advisory and investment services to banks, fintechs and investment funds, to leverage electronic invoicing for SME financing via e-factoring.

<p>165,572 <u>Target (2026): 618,558, of which women 254,172</u> Source: DOTS, REACH, IFC Reporting Systems</p> <p>OI 5.3a: Outstanding SME Portfolio (#) of IFC clients – disaggregated by gender. <u>Baseline (2022): 112,604, of which women 19,254</u> <u>Target (2026): 162,463, of which women 25,513</u> Source: DOTS, REACH, IFC Reporting Systems</p> <p>OI 5.3b: Outstanding SME Portfolio (\$) of IFC clients – disaggregated by gender. <u>Baseline (2022): US\$5 billion, of which women US\$ 344 million</u> <u>Target (2026): US\$7.7 billion, of which women US\$523 million</u> Source: DOTS, REACH, IFC Reporting Systems</p>	<p>Open Finance/Data with the objective of financial inclusion and competition. <u>Baseline (2022): 1</u> <u>Target (2026): 5</u> Source: Financial Regulation Unit, Financial Superintendency of Colombia</p>	<ul style="list-style-type: none"> • G2Px TF on Government Payments <p><u>IFC investment and advisory portfolio</u></p> <ul style="list-style-type: none"> • ISC-EWA II (44857) • BOP BMM (47166) • Contactar Loan (42868) • Amoro SL + B3T2 (43097) • Dav Co Inclusion (47215) • Nubank Colombia (47573) • Integrated Environmental, Social & Governance Program to Unlock Investments in Colombia (605342) • Asset-Based Lending Colombia and Mexico (604804) • Financial inclusion of FDP in Colombia and Peru (606048) • Latin American Financial Infrastructure (600865) • Strengthening the value proposition of Bancamia for legal FDP Venezuelans in Colombia (605426) • IFC Digilab Finance (603362) & LAC Innovation Lab (602732) <p><u>IFC investment and advisory pipeline</u></p> <ul style="list-style-type: none"> • Financing and advisory for financial institutions for inclusion • Open finance, digital innovation, fintechs, and capital market development. <p><u>MIGA Guarantees</u></p> <ul style="list-style-type: none"> • Banco Davivienda • BANCOLDEX
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CPF Objective 6: Improve Productivity and Innovation

This is not a new CPF objective. The proposed objective is aligned with objective 6 of the previous CPF.

Rationale for the CPF objective and WBG engagement. The private sector plays a key role in Colombia’s economy. It operates in a setting of strengths but also challenges⁴² that undermine its capacity to leverage structural international and geopolitical trends. Colombia's insertion in global markets remains scant, with trade stagnating below 40 percent of GDP for the last 50 years and its exports being less than half of its peers. Nearshoring offers opportunities (valued at US\$13B), but productivity

⁴²According to the CPSD (2023), strengths include: firm creation dynamism, low restrictions on FDI, and a relatively well-developed financial sector, while among key constraints are structurally low firm-level productivity and inefficiencies in the relocation of economic activities.

improvements are needed in sectors with potential, such as bioeconomy, tourism and agriculture. The NDP aims to address these challenges through a reindustrialization policy that leverages internationalization and climate action, promoting a productive and sustainable private sector transformation. The policy is particularly focused on promoting regional convergence, gender equality (e.g., care economy, participation of women in male-dominated sectors and public procurement), the inclusion of traditionally excluded populations and firms (ethnic groups, *economía popular*) and increasing the overall productivity of the agriculture sector. The emphasis on agriculture is evidenced by including agriculture productivity as one of the five transformations promoted by the NDP. Productivity improvements can unlock farm's potential, particularly in small landholdings,⁴³ to promote green growth and contribute to Colombia's climate goals through climate-smart agricultural production.⁴⁴

Lessons learned and new knowledge at the program level. Recent WBG analytical work suggests that increasing productivity and boosting innovation in Colombia requires interventions at the firm-level and improving the operative environment.⁴⁵ In the agriculture sector, public support to the sector is currently concentrated on direct producer support (e.g., price subsidies). This suggests the need to redirect public investments and leverage private investments in innovation and extension systems to address sector constraints, foster green finance connected to climate-smart technologies and market access.⁴⁶ The government could partner with financial institutions to expand access to credit in rural areas while enhancing guarantees provision and insurance schemes to reduce vulnerability to climate events. These would require addressing connectivity gaps in rural areas and developing agricultural and weather databases and applications for insurance purposes.⁴⁷

The WBG's ongoing and planned support to this Objective. IBRD is supporting the transformation towards a sustainable, innovation-based and high-productivity economy through analytics and policy dialogue and – indirectly – through sector investment projects to improve connectivity, renewable energy generation and agricultural productivity. In support of the Reindustrialization Policy, IBRD is preparing the Whole-of-Economy ASA to promote innovation, agglomeration of economic activities, and the adoption of AI by private firms to promote climate action. IBRD is also exploring supporting the twin (digital and sustainable) economic transitions and internationalization by leveraging technologies in key sectors (bioeconomy, tourism and agriculture). IFC's innovation agenda includes the *TechEmerge Sustainability Cooling* Program, which aims to promote innovative cooling solutions in firms to reduce GHG emissions, increase efficiency, and decrease cooling service costs through grant funding and TA. To promote innovation, IFC is also: 1) supporting tech-driven entrepreneurship via investments in Venture Capital funds; 2) providing advisory services to firms to close gender gaps and support safe and respectful workplaces; and 3) undertaking advisory projects that support entrepreneurship and strengthen supply chains. To bolster productivity improvements in firms and efficiency along value chains, IFC will seek opportunities to provide finance, advisory and upstream support for companies in competitive manufacturing and retail sectors and energy-efficient warehouse development. To enhance women's economic empowerment, IBRD is supporting women's entrepreneurship by enhancing access to public contracts. IFC aims to increase women's access to private sector procurement opportunities through capacity building on procurement readiness and advisory support to large corporate buyers.

In the agriculture sector, IBRD will focus on improving market access and promoting the adoption of climate-smart technologies for farmers through new operations aimed at: 1) enhancing sustainable production in family farming, 2) upgrading irrigation systems, and 3) improving access to finance in rural areas, complemented with analytical work to develop climate-smart agricultural supply-chains. IFC will continue to seek investment opportunities in agribusiness and provide advisory services to

⁴³IBRD's Agriculture Policy Note (2022) identifies the following limitations: 43 percent of the population living of agriculture does not have access to finance, 85 percent of the sector production did not rely on innovation (2020), 90 percent of farms did not receive any TA, and 53 percent of the land under cultivation lacks formal titles.

⁴⁴According to the CCDR (2023), agricultural production directly causes 21.6 percent of Colombia's GHG emissions, with 14.8 percent alone stemming from livestock. In 2020, only 15 percent of farms used innovative technologies, including climate-smart agriculture (CSA) practices.

⁴⁵See CEM (2023), and the Bank's Innovation-led Entrepreneurship Policy Note (2023).

⁴⁶See IBRD's Agriculture Policy Note and CSPD (2023).

⁴⁷Climate Smart Agriculture Finance (IFC 2022).

firms for sustainable agriculture projects to increase productivity, reduce emissions, and promote economic opportunities for women. The engagement covers several value chains, such as cocoa, coffee, and livestock, and - for now - is focused on the Orinoquia region. IFC will also leverage partnerships with global and national organizations to support clients and promote knowledge transfer. WBG collaboration on improving access to finance for sustainable agriculture projects through financial intermediaries and FINAGRO and fostering integration along agricultural value chains is key to achieving the objective.

Key risks and mitigation. The demand from the government for WBG support to the Reindustrialization Policy has yet to materialize clearly, and thus limits the scope of the engagement. For the successful execution of IFC investments and advisory and upstream projects, risks include a potential slow-down in private investment and negative trends on investor confidence, shifts in the lending market conditions, and a reduced local currency pool. Changes in donor priorities could reduce the scope of advisory and upstream activities. This is mitigated by Colombia's track record of prudent macroeconomic and fiscal management and the increased collaboration between IFC and IBRD on selected areas of the private sector development agenda. After a long hiatus, IBRD is reengaging with the agriculture sector, which could imply a steep learning curve. Capacity shortcomings in government agencies and coordination could stall progress on this engagement and limit impact. A dedicated effort to upgrade this capacity through new IBRD-supported operations and the geographical concentration of the programs on locations selected by the government as priorities can help mitigate this risk.

Link to WBG Scorecard. This objective is related to Sustainable Food Systems (Outcome 7).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 6.1: Value of financing facilitated by TechEmerge (US\$) <u>Baseline (2022): 0</u> <u>Target (2026): 30m</u> <i>Source: TechEmerge (607352, Project supervision report)</i></p> <p>OI 6.2 Agricultural sub-loans (financed by FINAGRO with WB resources) aimed at adaptation and/or mitigation activities (#). <u>Baseline (2023): 0</u> <u>Target (2026): 7,200 sub-loans</u> <i>Source: FINAGRO, 2023 (Baseline and target).</i></p> <p>OI 6.3: Percentage of family farmers in targeted municipalities with access to extension services (% of family farmers and % disaggregated by gender and ethnic groups) <u>Baseline (2023): 13% (169.000 family farmers currently have access to extension services)</u> <u>Target (2027): 35% (450.000)</u> <i>Source: Encuesta Nacional Agropecuaria, 2019 (Baseline) and World Bank’s Task Team Estimation (Target)</i></p> <p>OI 6.4: Number of hectares benefited from new or modernized irrigation districts (number). <u>Baseline (2023): 0</u> <u>Target (2026): 1,000 ha</u> <i>Source: Colombian National Irrigation Plan 2020-2039</i></p>	<p>SPI 6.1: Number of successful TechEmerge pilots⁴⁸ in agri-cold chains <u>Baseline (2022): 0</u> <u>Target (2024): 4</u> <i>Source: TechEmerge (607352, Project supervision report)</i></p>	<p>Financing Pipeline:</p> <ul style="list-style-type: none"> Colombia Sustainable Development of Family Farming (P18067) - IPF Access to finance for the sustainable transformation of agrifood systems (P18124) - IPF Support to the Colombian National Irrigation Plan (P50187) - PforR BioCarbon Emissions Reduction Program Orinoquia (P17887) - IPF <p>Ongoing ASA:</p> <ul style="list-style-type: none"> Colombia Country Private Sector Diagnostic (604735) Leveraging private investment for climate action in Colombia (P178331) – Fostering a highly productive and innovative low-carbon private sector– Whole-of-Economy in Mexico and Colombia (P181144) Developing Climate-Smart Agricultural Supply-Chains: Opportunities, Challenges and Emerging Lessons (P173540) <p>ASA Pipeline:</p> <ul style="list-style-type: none"> Contributing to the Economic Recovery of the Tourism Sector in Colombia Post COVID – Phase II <p>IFC investment and advisory portfolio</p> <ul style="list-style-type: none"> Liftit Series B (44144) Siegfried-Col (42371) Bold Equity (47920) Digital for Tertiary Education Program (D4TEP) (605973) TechEmerge LAC Andean Phase III (607352) Sourcing2Equal Colombia (606868) Orinoquia Agribusiness Diagnostic and Scoping (603993) Colombia Cocoa (603625) Colombia-Sustainable Beef (602126) <p>IFC investment and advisory pipeline</p> <ul style="list-style-type: none"> Puntored Equity (48160) Nearshoring and FDI Diversification in Central America, Colombia, Mexico (607870)

⁴⁸The project defines a successful pilot as one after which, the adopter and/or the innovator have sufficient evidence to make a commercial decision to purchase the technology (for the adopter) or enter a new market (for the innovator).

		<ul style="list-style-type: none"> • Vecol Vaccines (608099) • TQ International (607837) • Financing and advisory for sustainable agriculture and livestock firms. • Advisory on digital crop and warehouse receipts.
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High-Level Outcome 3 (HLO 3) – Strengthen Resilience to Climate Change and Promote Low Carbon Transitions

New HLO. The Colombia Systematic Country Diagnostic Update (P500038) did not include HLOs (presented to the Board on May 19, 2022)

High-level Outcome Indicators	Data source	Current value ²
1. Increase the installed capacity of non-conventional energy generation.	Source: NDP	<u>Baseline (2021): 360MW</u> <u>Target (2026): 2,000 MW</u>
2. CO ₂ Tons mitigated by the transport sector	Source: NDP	<u>Baseline (2021): 149.630 tons</u> <u>Target (2026): 2.149.630 tons</u>

Rationale: Colombia is a regional leader in climate change ambitions, as evidenced by its ambitious climate goals. The country has committed to reduce GHG emissions by 51 percent by 2030, and has signed on to the Global Methane Pledge, agreeing to cut global methane emissions by 30 percent by 2030 compared to 2020 levels. All these commitments would require a significant effort by 2030.⁴⁹ As put forward by the CCDR, Colombia faces three critical climate transitions toward a more dynamic, sustainable, and equitable growth path. First, it must manage the transition from a climate-vulnerable to a climate-resilient economy. Second, it will need to navigate a transition to a net-zero GHG emissions economy in the context of its stated goal for 2050, guided by its Long-Term Climate Strategy and the strong legal framework that makes Colombia a leader in climate ambition in LAC. Third, Colombia needs to engineer a structural transition to prepare its economy for a world that will progressively demand less of its main exports, oil and coal, and more green and low-carbon products.

WBG engagement: IBRD has supported the government with DPLs, analytical and technical assistance, and other forms of support to help accelerate progress on a low-carbon transition and build resilience for climate change. This support will be scaled up in financial terms, tapping into expanding sources of green and climate finance, and in terms of TA, on aspects such as upgrading infrastructure for low carbon development and resilient energy.

Knowledge gap: Building on the CCDR, sector-specific studies aimed at estimating investment needs for adapting critical transport, energy and other infrastructure and reducing their carbon footprint, as well as the potential economic and social benefits, would add value to translating climate goals into concrete climate action. Such

⁴⁹According to the CCDR, achieving this commitments will imply: 1) curtailing deforestation to no more than 37,500 ha per year, reforesting 25,000 ha, afforesting 620,000 ha, and restoring 5.8m ha of forest; 2) making sustainable 16.3m ha of livestock systems, 3) slowing the expansion of pasture areas and herd growth, 4) intensifying the sustainability of an additional 3.2m ha of agricultural land, 5) producing 24 GW of electricity from renewables, 6) ensuring that at least 2 percent of industrial energy comes from green hydrogen, 7) ensuring that 55 percent of cars and 67 percent of public transport are electric, 8) increasing cycling lanes up to 1,750 km, and 9) transporting 20 percent of freight by rail.

studies would also need to investigate the financing needs of the private sector, as a large share of these investment costs are expected to be covered through increased private financing, building on the proven concept of PPPs.

SDGs associated: SDG8 - Decent work and Economic Growth; SDG9 - Industry, Innovation, and Infrastructure; SDG1 - Sustainable Cities and Communities; SDG3 - Climate Action; and SDG15 – Life on Land.

CPF Objective 7: Develop Resilient and Low-Carbon Infrastructure

Yes, this is a new objective. This objective is related to the fourth and fifth transformations proposed by the NDP, which focus on ensuring climate action and regional convergence, respectively.

Rationale for the CPF objective. Colombia needs to invest more in greener and more resilient infrastructure while ensuring a smooth transition of workers that benefit directly and indirectly from coal mining to achieve territorial development and regional convergence. High returns on such investments are expected from electrifying private, public, and mass transit transport systems, developing multimodal transport infrastructure, and promoting NCRE sources by leveraging green and climate financing, largely from the private sector. To avoid undermining gains in connectivity and safeguard access to basic services and markets, significant increases in investments in climate-resilient roads and electricity infrastructure are needed to mitigate climate change impacts.⁵⁰ Such investments would need to consider the impact of rural road investments in forested areas. These challenges are recognized in the fourth NDP transformation, emphasizing the need to accelerate the energy transition (crude oil and natural gas represent over 60 percent of the energy matrix) and prioritizing low-emission transport modalities (according to NDP, in the transport and energy sectors, consumption inefficiencies are around 70 percent). The NDP also calls for mitigating the effects of land use change through infrastructure projects, stabilizing the agricultural frontier, and promoting a transition for gradually sunseting coal mining in Colombia. The NDP prioritizes the following activities to promote resilient and low-carbon infrastructure: 1) production of energy using NCRE sources such as wind, solar, biomass and geothermal; 2) diversifying away from extractive energy production and export through a just-transition strategy, and 3) strengthening the legal framework and providing incentives for decarbonizing the transport sector.

Lessons learned and new knowledge at the program level. Strong analytical underpinnings support an evidence-based design of the energy transition, which mitigates its economic and distributional impact through a gradual, deliberate process that promotes production and livelihood alternatives.

WBG's ongoing and planned support for this objective. IBRD will deploy programmatic knowledge programs to help develop green and resilient transport infrastructure, focusing on the shift to multimodal transport and electrification of urban mass transport. In this context, IBRD and FDN are working towards setting up an urban liquidity facility to structure and finance sustainable urban transportation infrastructure, facilitated by the technical capacity and experience of the FDN. IBRD is also involved in

⁵⁰According to the CCDR, in the absence of substantial efforts to increase climate resilience of the road network, an estimated 2.2m to 3.4m Colombians could see their connectivity significantly impaired, due to a higher probability of massive flooding and landslides. Climate projections indicate that those numbers could increase by 60 percent by 2050 and 140 percent by 2075 under an absence of action scenario. Similarly, without efforts to enhancing its resilience, the electricity system will be vulnerable to an increased frequency and intensity of climate shocks, such as the impact of droughts on electricity generation and prices, or flood-induced disruption of electricity transmission.

designing energy transition solutions on various fronts⁵¹, including a potential new operation or TA to support policies and investment to manage the closure of coal mines, including repurposing assets and increasing workers' capacity to qualify for jobs in new sectors. IFC will expand its portfolio of renewable energy solutions⁵² and bolster private participation in sustainable urban infrastructure, including financing clean technology mobility solutions and supporting bankable business models for mass transit systems. Leveraging its experience in the subnational space, IFC will continue providing ESG advisory and supporting creditworthy NGOs and utilities in developing a pool of bankable infrastructure projects through the LAC Sustainable Cities Program. As it has done in Medellín, IFC will continue to offer Advanced Practices for Environmental Excellence in Cities (APEX) to municipalities to assess and prioritize low-carbon investment opportunities as part of their climate action plans. IFC will strengthen the country's green building market transformation by promoting higher levels of ambition in resource-efficient buildings through EDGE Advanced certification, Zero Carbon buildings, portfolio decarbonization and Green Retrofit, including the Design for Greater Efficiencies program in selected universities, seeking to improve knowledge about efficient building design.

Key risks and mitigation. Some of the envisioned interventions will include in-depth analysis and mitigation measures of significant risks related to the impact of climate change and key market variables, including hydropower, which may impact energy acquisition costs. This analytical support will also help quantify possible utility adaptation strategies and the normative improvements required to enable these enhancements.

Link to WBG Scorecard: This objective is related to the following outcomes: connected communities (Outcome 8) and affordable, reliable and sustainable energy for all (Outcome 9).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 7.1: Annual emissions in the electricity sector (MtCO₂e/yr) <u>Baseline (2021): 9.28</u> <u>Target (2024): 6.5</u> <i>Source: PD P180033, November 22, 2022.</i></p> <p>OI 7.2: Increase in private investment that has accessed fiscal incentives for low-carbon hydrogen and non-conventional renewable energy project development (US\$) <u>Baseline (2021): 0</u> <u>Target (2024): 360m</u> <i>Source: PD P180033, November 22, 2022</i></p>	<p>SPI 7.1 Support provided to subnational governments in the definition of contractual structure for a fleet renovation project. <u>Baseline (2022): 0</u> <u>Target (2025): 1</u> <i>Source: (Pending project ID)</i></p> <p>SPI 7.2: Number of contracted pilot projects for non-concessional primary roads (sections) incorporating green road infrastructure guidelines.</p>	<p><u>Ongoing Financing:</u></p> <ul style="list-style-type: none"> • Support to Bogota Metro Line 1 Project (Series 1) (P165300) - IPF <p><u>Financing Pipeline:</u></p> <ul style="list-style-type: none"> • EPM/AFINIA IPF (new) • Just Transition/closure of mines (new) • Support to the Bogota Metro Line 2 Section 1 Project (Series 1) (P179822) – IPF • Colombia Green and Resilient 2nd DPF (P181080) • Sustainable Urban Transport Liquidity Facility (new) – IPF • Energy transition fund facility (new–) - IPF <p><u>Ongoing ASA:</u></p>

⁵¹On energy transition, the IBRD is involved in policy dialogue on: i) just energy transition, ii) low carbon energy technologies, iii) improving energy efficiency, and iv) mitigating the socioeconomic impact of coal mine closures.

⁵²To expand its portfolio on renewable energy, IFC will focus on: i) financing generation of non-conventional renewable energy, ii) improving reliability of utilities, iii) reducing distribution losses, (iv) improving efficiency through digitalization, and v) supporting the deployment of energy storage solutions.

<p>OI 7.3: CO₂ Tons mitigated by the transport sector (number). <u>Baseline (2021): 149.630 tons</u> <u>Target (2026): 2.149.630 tons</u> Source: NDP</p>	<p><u>Baseline (2024): 15</u> <u>Target (2025): 25</u> Source: ISR P176650 – sequence: Dec 15, 2022</p> <p>SPI 7.3: Potential offshore wind electricity generation capacity that has obtained a temporary leasing permit to explore an area (MW) <u>Baseline (2022): 0</u> <u>Target (2024): 200</u> Source: PD P180033, Nov 22, 2022</p> <p>SPI 7.4: Municipalities supported in a transition away from coal (#) <u>Baseline (2023): 0</u> <u>Target (2027): 20 Municipalities in Guajira and Cesar.</u> Source: (Pending project ID)</p>	<ul style="list-style-type: none"> • Mainstreaming Sustainable and Competitive Infrastructure for Low Carbon Development Programmatic Approach (P172319) • Colombia low carbon and resilient energy ASA (P178980) • Bogota Low-Carbon Vital Neighborhoods ASA (P177851) • Colombia CCDR (P178104) • Support to the financially sustainable electrification of urban mobility systems (ASA) • Coal Just Transition Roadmap for two selected regions (new). <p><u>ASA Pipeline:</u></p> <ul style="list-style-type: none"> • N/A <p><u>IFC investment and advisory portfolio</u></p> <ul style="list-style-type: none"> • Celsia WC (44027) • VISUM Real Estate Investment Trust (REIT) (45472) • Green Buildings & Design for Greater Efficiencies (DfGE) program (604818) • Colombia Cities Covid-19 (605715) - APEX <p><u>IFC investment and advisory pipeline</u></p> <ul style="list-style-type: none"> • Decarbonization of manufacturing • Energy and transport investment and upstream pipeline
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CPF Objective 8: Mobilize and Deploy Climate Finance

Yes, this is a new objective. This objective contributes to the NDP's fourth transformation, which focuses on ensuring climate action.

Rationale for the CPF objective. The CCDR estimates the investment needs to meet Colombia's mitigation and adaptation goals of about 1.5 percent of GDP between 2023 and 2030 and 1.1 percent between 2031 and 2050. This would constitute a level of annual climate financing 5–7 times what has been mobilized for this purpose in the past years. In the context of reduced fiscal space, it will be critical to mobilize additional private investments and develop innovative financial instruments.⁵³ There is potential for deepening the involvement of the Colombian financial sector in mobilizing climate finance, such as through introducing green standards in the financial sector and broadening the scope of the green taxonomy. The public sector promotes climate investments indirectly - by instituting a conducive regulatory and policy environment and directly - through financing by SOFIs. However, as highlighted by the CCDR, capital market instruments and vehicles such as blended-finance platforms, green infrastructure funds, green exchange trade funds, carbon credit markets, climate-linked bonds, and sustainability-linked bonds and loans still operate below their potential in Colombia.

Lessons learned and new knowledge at the program level. New products with longer grace and financing periods, combined with TA, can help scale up financing for climate and green transitions. This could be enhanced by expanding the government's provision of guarantees and insurance against climate changed-induced hazards. Developing domestic carbon markets could provide an additional source of climate finance that could reward communities for their efforts in protecting carbon-offsetting natural resources. When developing this potential, it is key to protect participants in remote and low-capacity environments from malpractice. The CCDR suggests there is space for expanding Colombia's carbon pricing regime beyond what the recent tax reform and the upcoming introduction of the Emissions Trading System (ETS) are likely to deliver. Such an expanded carbon pricing regime could be critical for financing Colombia's climate transition. Ensuring financial and market integrity of carbon markets, both compliance and voluntary, is instrumental. SOFIs can also play a role in mobilizing climate finance by providing patient capital, blended finance instruments, and de-risking private investments. Colombia could leverage its experience with PPPs to raise domestic and international private capital for climate action by adopting a sound regulatory framework for climate-focused PPPs (Green PPPs). Expanding the pipeline of mitigation and adaptation projects to rapidly absorb financing at the scale required to meet the country's climate commitments is critical.

The WBG's ongoing and planned support for this objective. IBRD and IFC are working with the SFC and the MHCP through the Joint Capital Markets Program (JCAP) and the Colombia Sustainable Finance Facility (SFF) - supported by SECO, to implement climate risk management guidelines and broaden the scope of the green taxonomy by incorporating critical sectors such as biodiversity, adaptation, and water. This engagement also supports the design of the ETS, the development of a domestic legal framework for compliant and voluntary carbon markets and the corporate GHG emissions reporting program. As part of this TA, IBRD and IFC also work with the MHCP to establish a comprehensive regulatory framework for Green PPP projects. Through advisory and targeted investments, IFC will continue to: 1) promote innovative climate finance solutions, such as green mortgages development and blue assets, electric vehicles, and energy efficiency finance; 2) further develop the green building market via advisory on EDGE certifications, expanding financing solutions and models for the green building ecosystem; and 3) provide finance to meet the decarbonization objectives of real sector clients. This IFC engagement also includes supporting financial intermediaries to integrate ESG standards, adopt methodologies

⁵³The CCDR estimated that es the private sector would need to contribute about 80 percent of the required total investments. Between 2011 and 2021, private sources accounted for only 9.7 percent of total investments in mitigation and adaptation.

to assess climate risks (physical and transition) aligned with international practices and identify opportunities in climate-smart agriculture. MIGA's program will focus on mobilizing private capital to support sustainable development projects and climate finance infrastructure expected to foster and support green economic recovery in Colombia.

Key risks and mitigation. The risks are associated with the complex context in which these interventions are implemented, including the presence of vulnerable communities of indigenous peoples, Afro-Colombians and farmers, and a legacy of inequitable access to land and natural resources. These factors are fueled by increased activity of organized crime and illegal armed groups in most target regions, suggesting the need for solid social management strategies.

Link to WBG Scorecard. This objective is related to green and blue planet and resilient population (Outcome 5).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 8.1: Number of regulated companies applying the GHG emissions quantification methodologies and reporting to the Corporate Emissions Reporting Program. <i>Baseline (2023): 0</i> <i>Target (2025): 20</i> <i>Source: PAD P178167.</i></p> <p>OI 8.2: Sustainable finance loans outstanding⁵⁴ <i>Baseline (2022): US\$ 811 million</i> <i>Target (2026): US\$ 3.1 billion</i> <i>Source: DOTS/IFC Reporting System.</i></p>	<p>SPI 8.1: Expected tCO₂e per year reduction in GHG emissions from IFC projects (with Fls) <i>Baseline 2022: 322,651</i> <i>Target 2026: 359,000</i> <i>Source: IFC client reporting in CAFI</i></p> <p>SPI 8.2: Volume of CO₂e Emission Reductions that have been measured and reported by the Program Entity and verified by a Third Party (tCO₂e) <i>Baseline (2023):0</i> <i>Target (2025): will be determined through the ERPA negotiation.</i></p>	<p><i>Ongoing Financing:</i></p> <ul style="list-style-type: none"> • Forest Conservation and Sustainability in the Heart of the Colombian Amazon (P144271) • Orinoquia Integrated Sustainable Landscapes (P167830) <p><i>Financing Pipeline:</i></p> <ul style="list-style-type: none"> • BioCarbon Emissions Reduction Program Orinoquia (P178872) - IPF • Colombia Partnership for Market Readiness (P178167) – IPF • Equitable and Green Path DPF II (P180927) • Forest and Biodiversity Conservation and Community-led Sustainable Management in the Colombian Amazon - Life Amazon (P500481) • Sustainable Low-Carbon Development in Orinoquia region Project (P160680) <p><i>Ongoing ASA:</i></p> <ul style="list-style-type: none"> • Leveraging private investment for climate action in Colombia (P178331) • Colombia CCDR (P178104). • Colombia - Building a Sustainable and Modern Financial Sector - (P177687) - Colombia SFF SECO. <p><i>ASA Pipeline:</i></p> <ul style="list-style-type: none"> • N/A <p><i>IFC investment and advisory portfolio</i></p> <ul style="list-style-type: none"> • Amboro SL + B3T2 (43097) • Dav Co Inclusion (47215) • DCM Bogota B3T2 (47158)

⁵⁴In this CPF “sustainable finance” will include: i) “blue finance” as defined in IFC’s *Guidelines for Blue Finance*, and ii) “climate finance” defined as financing for assets classified as mitigation, adaptation, and special climate by the IFC’s *Definitions and Metrics for Climate-Related Activities*.

		<ul style="list-style-type: none"> • BBVA Col Green (46526) • DCM BBVA Blue (48267) • Support to FDN (33862) • Bancolombia Green Bond (38731) • Davivienda Green Bond (39057) • EPSA Green Bond (39800) <p>MIGA Guarantees</p> <ul style="list-style-type: none"> • Financiera del Desarrollo S.A. • FDN Climate Finance Facility
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CPF Objective 9: Enhance Capacity for Disaster Risk Management

Yes, this is a new objective. This objective contributes to the NDP's fourth transformation, which focuses on promoting climate action.

Rationale for the CPF objective: Colombia has the highest recurrence of extreme events caused by natural and climate-induced hazards in South America, with an estimated 84 percent of its population and 86 percent of its assets exposed to two or more natural hazards per year and 47 percent of its territory considered at high to very-high climate change risk. The latter is expected to increase to 59 percent by 2040. In economic terms, six disasters have resulted in more than US\$5 billion in physical damages over the past 40 years, while disaster and climate risks could create economic costs of up to 4.2 percent of Colombia's GDP. Extreme events associated with frequent *El Niño* and *La Niña* climate phenomena, such as floods, landslides, hurricanes, droughts, earthquakes, and volcanic eruptions, result in substantial human losses and damages to housing and productive infrastructure. Due to climate change, an increase of 1.5°C in the global average temperature would more than double the number of people affected by floods in the country, including an additional 1m people exposed to coastal floods due to the 40-60 cm of sea level rise projected along its Pacific and Caribbean coasts by 2050-2060 under this scenario. The impact of more frequent and severe disasters threatens to reinforce existing inequalities and erode vulnerable populations' access to education, mobility, and basic services. This threatens to exacerbate existing inequalities and erode vulnerable populations' access to services. Enhancing DRM and climate change adaptation capabilities is thus critical.

Lessons learned and new knowledge at the program level: While Colombia has made substantial progress on risk mitigation, preparedness, response and recovery, several challenges persist. These challenges are primarily associated with policy implementation and instruments, strengthening risk management capacity within specific sectors and at the local level, and building resilient infrastructure. Increasingly frequent severe intense climate events further undermine the already low capacity of subnational governments to conduct and finance emergency response activities, demonstrating that the progressive decentralization of DRM responsibilities has not yet been matched by adequate financing. Strengthening disaster and climate resilience will thus require narrowing the remaining gaps related to understanding climate

risks, resilient land use planning, technical capacity and financing of risk reduction and climate adaptation, particularly at the subnational level. Similarly, Colombia's policies, institutions and services need to be adapted better to public health threats aggravated by climate change.⁵⁵

WB ongoing and planned support to this CPF Objective: Building on the achievements and lessons learned from three previous CAT-DDO programs and more than 20 years of partnership with Colombia on DRM and climate change adaptation, the WBG aims to deepen its support to the country's program to reduce risks related to disasters, climate change and public health. For IBRD, this will include continued use of the CAT-DDO instrument, which has played an important role in Colombia's disaster risk financing strategy, strengthening the country's financial resilience given its high exposure to geological, hydrometeorological, climate and public health hazards. The findings of the CCDR can be leveraged to inform mitigation actions to be included in future CAT-DDOs. Given the progress made on DRM at the national level over the past years, the emphasis is now shifting to the subnational level. CAT bonds have been another important risk management tool for Colombia in the past, and the government has expressed its intention to renew this insurance coverage. This instrument complements Colombia's DRM strategy by providing insurance against low-frequency but high-severity events. The Crisis Resolution Toolkit, currently under Board review, will complement existing DRM support products for Colombia, such as the IPF DDO and the possibility of embedding insurance coverage within loan agreements. An additional challenge is getting resources to disaster-impacted households quickly. To address this challenge, IBRD will continue working with DNP and DPS to increase the social protection system's responsiveness to households in shock-affected communities.

The risks and mitigation: According to the CCDR, Colombia scores high on 10 out of 14 different risk drivers, including exposure, vulnerability, risk, and future climate change impacts. The MHCP estimates that disaster and climate risk represent Colombia's largest contingent liability by far, with a potential impact of up to 4.4 percent of GDP. Several risks affect the DRM agenda, including: 1) weak coordination amongst different levels of government, 2) an under-exploited potential between mitigation and adaptation implementation and its financing, 3) insufficient capacity at the subnational level, and iv) an increase in climate-related catastrophic events. To mitigate these risks, IBRD will continue to work with the authorities to strengthen the institutional capacity and coordination through Cat DDOs and DPLs and assist in designing a mechanism to provide subnational insurance through a potential IPF.

Link to WBG Scorecard: This objective is related to green and blue planet and resilient population (Outcome 5).

⁵⁵Climate change in Colombia has profound implications for human health, in the form of elevated mortality and morbidity rates, as revealed in a recent Bank report. Climate change-induced natural disasters are projected to impact over 2.5m people and damage more than 1,000 health facilities by 2030. World Bank. 2023. *Impact of Climate Change in Health in Colombia and Recommendations for Mitigation and Adaptation*. Washington, D.C.: World Bank Group.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>OI 9.1: Percentage of national territory covered by subnational profiles strengthened through the incorporation of climate variability analytics. <u>Baseline (2022): 0</u> <u>Target (2025): 35</u> Source: ISR P176650</p> <p>OI 9.2: Percentage of approved territorial development plans incorporating disaster risk management published through technology platforms developed by the Agustín Codazzi Geographic Institute. (IGAC) <u>Baseline (2022): 0</u> <u>Target (2025): 40</u> Source: ISR P176650</p>	<p>SPI 9.1: Number of disaster risk financing strategies approved by prioritized sector and their respective implementation plans formulated. <u>Baseline (2024): 0</u> <u>Target (2025): 2</u> Source: ISR P176650 – sequence: December 15, 2022.</p>	<p><u>Ongoing Financing:</u></p> <ul style="list-style-type: none"> • Third Disaster Risk Management DPL/CAT DDO (P176650) • Colombia Green and Resilient DPO (P180033) <p><u>Financing Pipeline:</u></p> <ul style="list-style-type: none"> • Colombia Green and Resilient DPO 2 (P181080) • Colombia - Fourth Disaster Risk Management CAT/DDO (P181256) • Colombia Subnational Disaster Risk Management Project (P172804) <p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> • Building a Sustainable and Modern Financial Sector (P177687) with Risk Finance Umbrella TF • Colombia CCDR (P178104) <p><u>ASA Pipeline:</u></p> <ul style="list-style-type: none"> • N/A <p><u>IFC investment and advisory portfolio:</u></p> <ul style="list-style-type: none"> • N/A

Annex 2. Completion and Learning Review for the Republic of Colombia FY16-FY21

Date of CPF: April 7, 2016 (Report No. 101552-CO)

Date of Performance and Learning Review: April 23, 2019 (Report No. 135458-CO)

Period Covered by the Completion and Learning Review: FY16-FY21

I. INTRODUCTION

1. **This Completion and Learning Review (CLR) evaluates the performance of the World Bank Group (WBG) Country Partnership Framework for Colombia (CPF) for FY16-21.** Its three-part structure: (I) introduces and describes the achievements of CPF Program Outcomes, (II) assesses the performance of WBG support, and (III) incorporates lessons learned to inform the preparation of the FY24-27 CPF for Colombia. The CPF was initially discussed by the Board April 7, 2016, and since then has provided a framework for a flexible partnership, with selective support to Colombia, through a combination of financial, knowledge and convening services. Three strategic pillars underpin the CPF engagement: (a) fostering balanced territorial development, (b) enhancing social inclusion and mobility through improved service delivery, and (c) supporting fiscal sustainability and productivity. Support for peace building is also a continuous crosscutting theme of the CPF. The two-year hiatus (FY22-23) since the end of the CPF period and current date is due to (i) delays associated to the Covid-19 pandemic that impeded meaningful engagement with the government; and (ii) the opportunity to align the CPF with the government's electoral cycle, as requested by main counterparts at PLR stage. Where relevant, the CLR makes reference to some of the results achieved during this 2-year period in areas with continued engagement.

2. **The CLR covers partial periods of two different presidential administrations and is aligned with two National Development Plans.** The FY16-21 CPF was initiated in alignment with the National Development Plan (NDP) for 2014-2018 of the second term of former President Santos and bridges with the administration of President Duque (in office until August 2022) to reflect the priorities of the NDP between 2018-2022. The CPF's Progress and Learning Review (PLR), delivered in 2019, reaffirmed the WBG's support to Colombia's development priorities and broadly confirmed the CPF's pillars, while realigning the results framework to the new NDP. The revisions under the PLR aimed at improving attribution and measurement, as well as reflecting adjustments in the engagement. Importantly, this CLR is based on the updated FY16-21 results matrix of the PLR which was prepared prior to the pandemic.

3. **Overall progress towards the achievement of the CPF objectives across the three pillars is rated moderately satisfactory.** At the mid-point of FY19, the PLR assessed progress achieved against the eight objectives contained under the CPF's three pillars and concluded that several key results had already been achieved, or even surpassed. The CLR reassesses those findings by considering the updated results framework and progress made during the overall CPF period, thereby distinguishing between three different phases: Pre-PLR, Post-PLR, and pandemic crisis response. The assessment of overall progress considers achievements resulting from financial support, and analytical and advisory services by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). WBG performance in designing and implementing the CPF is rated **good**, and the rapid and substantial response to the pandemic and the migration crisis stands out in this regard. Throughout the CPF period, the WBG acted as strategic partner for Colombia. The WBG program was aligned with the 2015 Systematic Country Diagnostic (SCD) priorities, focusing on addressing infrastructure gaps, low-quality education, financial sector and land issues, natural resources, and disaster risk management, among others. Most striking, and considered outstanding, was the WBG's

strong and timely response to the COVID-19 crisis and to the rapidly escalating migration challenge. Across the three phases mentioned above (Pre-PLR, Post-PLR and pandemic crisis response), through the employment of programmatic approaches and the integration of financial, analytical and advisory services, the WBG engagement ensured continuity toward Colombia's long-term development goals.

4. As Colombia faced deep shocks during the CPF period, the WBG provided critical support in response.

The country went through profound changes and crises during this period: the landmark peace accord of 2016 (a positive “shock”), the massive inflow of migrants from Venezuela, the pandemic with its devastating economic and social effects, and the riots of 2022. The WBG responded swiftly to these shocks and substantially scaled up support. This response was facilitated by a flexible initial CPF design and subsequent PLR revisions. When the pandemic hit, IBRD mobilized large amounts of additional financing – mostly through fast-disbursing instruments – in an immediate response to the crisis and supporting recovery. The WBG support included both additional financing and Technical Assistance (TA) to health sector response, rapid and wide expansion of social protection programs, plus support for migrants and host communities. In the recovery phase IBRD built up its support in strengthening resilient and sustainable infrastructure, all the while maintaining a prudent macroeconomic and fiscal stance and conducive conditions to private sector-led growth, notably through a series of Development Policy Loans (DPL). IFC interventions helped meet the relief needs via discount retailers essential to food provision and employment as the COVID-19 crisis unfolded. IFC also scaled up Small and Medium-sized Enterprises (SME) financing in partnership with *Bancoldex*, a local development bank, reaching more than 1,000 SMEs throughout the country, with a focus on those that are women-owned. In its COVID-19 Response Package¹, MIGA's program focused on providing working capital and liquidity support for the sectors most severely impacted by the pandemic. As a result, through MIGA's coordinated efforts with IBRD and IFC, Colombia became MIGA's second largest exposure in the region.²

5. Supporting a more balanced territorial development by building the capacity of subnational governments and improving access to basic infrastructure services at the local level has proven challenging.

Expanding engagement in remote, conflict-affected areas has long been an important priority for the WBG, and was part of the rationale for interventions such as the Bank's support of the government's *Plan Pazcífico*, a program aimed at enhancing critical water-related infrastructure along the Pacific coastline. Key lessons learned from the challenging implementation experiences associated with this and other programs include: (i) discovering how to tailor interventions to meet the specific needs of any given local population challenged by limited institutional capacities and complex intergovernmental arrangements, and (ii) adapting interventions to difficult circumstances related to the prevalence of crime and violence in such areas. Building on these lessons continues to be highly important, especially as the WBG aims at deepening its engagement in vulnerable, isolated areas, such as those along the Pacific coast, in the years ahead. This is further elaborated in the next section under Pillar 1.

6. The CPF period also saw solid WBG coordination in achieving synergies through the combined instruments of IBRD, IFC and MIGA.

Noteworthy are their collaborative actions in areas such as: i) the *Public-Private Partnerships (PPP)* agenda, including TA and financing of infrastructure concessions (the 4G program), ii) the financial sector, including MIGA and IFC support to *Bancoldex*, iii) green urban transport

¹ MIGA's COVID-19 fast-track response focused on: (i) Procurement of urgent COVID-19 medical supplies; (ii) Countering adverse economic impacts through credit enhancements/capital optimizations; (iii) Complementing IFC trade finance.

² During the CPF period, MIGA issued its first COP denominated guarantees to provide liquidity to local development banks, as well as its first local currency sub-national guarantees in support of the health sector of Bogotá.

solutions for Bogota, including IBRD-IFC collaboration on the metro and cable car (*TransMiCable*), and iv) IBRD-MIGA collaboration on improving the quality of healthcare infrastructure in Bogotá.

II. PROGRESS TOWARD CPF DEVELOPMENT OUTCOMES

7. The CPF responded to Colombia's changing development perspectives from 2016-2021 with a robust and timely package of support, notably due to the WBG's response to the pandemic. The CPF design drew on the lessons from the previous Country Partnership Strategy – CPS (FY12-16). The framework contributed to substantial results in reducing gaps in access and quality of basic services through technical assistance and financial support that resulted in improvements in the regularization and access to services for Venezuelan migrants (notably health and financial services). Technical assistance and financial support provided through IBRD, IFC and MIGA contributed to improvements in the quality of health services delivered. Through IBRD financing and technical assistance, the CPF also helped to improve the access to tertiary education for low-income students and women. IFC advisory services to support digitalization efforts and an employability focus of Colombia universities.

8. In the more recent years of the CPF, the Bank scaled-up and adapted its support through record-high lending volumes, just-in-time TA on health protocols, and a health and economic monitoring dashboard. Since the pandemic began in March 2020, the Government put a premium on development policy financing, with a request for large DPFs as well as CAT-DDO operations of over \$3 billion; compared to a mix of Investment Project Financing (IPFs) and Program-for-Results (PforRs) of around \$300 million (as of June 30, 2021). (For more detail see Annex 7 on Emergency Response and Adjustment to Country Program.) On just-in-time TA, an emblematic example was the innovative health dashboard that functioned as a reactivation index for economic sectors at the city, departmental, and national level, among other activities.

9. The CPF development outcome is rated Moderately Satisfactory based on the assessment of the intended objectives that rank as Mostly Achieved, Achieved or Partially Achieved. Table 1 (below) summarizes the main ratings by pillars and objectives, and Annex 2 provides a summary of achievements, including progress towards all indicators as well as additional evidence supporting each objective. Of the eight objectives of the CPF, four have been Mostly Achieved, two are assessed as Achieved, and two as Partially Achieved. Some objectives had reached their target values already by the time of PLR (FY19-Q3/4) and exceeded their targets at closing of the CPF period. Other objectives fell short of full achievement due to implementation bottlenecks that became more prominent during COVID-19 pandemic, among other reasons further explained ahead in the report. It is important to note that additional evidence has been brought forward – as seen in the main text as well as in the results framework – as complementary actions that contributed both to the intended objectives and to the outcomes achieved within each Pillar. Such actions, although not represented by the selected indicators under each objective, nevertheless contributed substantially to the achievement of important results. This applies for the entire analysis carried out throughout this section of the CLR, for all three Pillars.

Table 1. Development Outcome Ratings, by Pillar and Objective

CPF Outcome	Overall Outcome Ratings	Outcome Indicator Ratings				Additional evidence
		Achieved	Partially Achieved	Not Achieved	Not Verified	
Pillar I. Fostering balanced territorial development: Satisfactory						
Objective 1. Strengthened Public Management Capacity to Support Territorial Development.	Mostly Achieved	2	1			+
Objective 2. Enhanced Capacity for Natural Resource Management in Target Regions.	Mostly Achieved	2	1			++
Pillar II. Enhancing social inclusion and mobility through improved service delivery: Moderately Unsatisfactory						
Objective 3. Improved Access to and Quality of Service Delivery in Target Areas.	Partially achieved	1		2		++
Objective 4. Improved Access to and Quality of Education.	Mostly achieved	2		1		+
Pillar III. Supporting fiscal sustainability and productivity: Moderately Satisfactory						
Objective 5. Improved Fiscal Management in Support of Fiscal Consolidation.	Achieved	2				++
Objective 6. Improved Business Environment and Innovation to Boost Productivity. <i>(Proposed upgrade)</i>	Achieved	1			1	++
Objective 7. Deepened Financial Intermediation for Productive Purposes.	Mostly achieved	2	1			+
Objective 8. Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities	Partially achieved		2		1	++
Overall Assessment		Moderately Satisfactory				

- “+”: There is fairly good evidence of additional contributions (through other activities in the program) to compensate for the underachievement of certain indicators in the Objective.
- “++”: There is strong evidence of additional contributions (through other activities in the program) to reinforce the achievement of the intended indicators in the Objective.

PILLAR 1. Fostering Balanced Territorial Development

10. **Pillar 1**, Fostering Balanced Territorial Development, supported objectives to: (ii) strengthen public management capacity to support territorial development and (ii) enhance capacity for natural resource management in target regions. Four of six outcome indicators were fully achieved, while two were partially achieved. The overall assessment for this pillar is **satisfactory**.

Objective 1. Strengthen Public Management Capacity to Support Territorial Development (Mostly Achieved)

11. Actions under this objective looked for enhancing public management capacity at the sub-national level to boost territorial development. Even though the intended targets under this Pillar were achieved for the most part, paramount challenges to support territorial development remain. Due to the political landscape around 2015-16, the Peace Agreement was only partially implemented, with the least progress on the rural development part of the program (underpinning studies for the SCD show quantitative evidence of this). For remote and conflict-affected areas, the Bank should continue to seek channels of collaboration to overcome the historical center-periphery dynamic in the country, and to support the national government's capacity to implement anything outside of major cities, which remains weak. Nevertheless, several supplementary actions contributed to the achievement of the objectives under this Pillar, and these are mentioned in the results framework.

12. How the WBG supported the achievement of this objective: interventions and results. Long-standing engagement with the National Planning Department (in Spanish DNP) was key to supporting the central government efforts to strengthen their capacity in a systematic and strategic way. The Subnational Institutional Strengthening Project (P123879) has been instrumental in strengthening public management capacity and support territorial development. Although the selected target in the results framework associated to this operations fell short of being achieved, three concrete actions contributing to Objective 1 were: (i) an increase in the percentage of beneficiary municipalities with an improved management score in the Municipal Performance Measure (MDM) index, measured as the average in the scores of budget execution and open government.; (ii) 263 beneficiary subnational governments (zero at project outset) have increased their automation level by 10 points based on the Digital Government Index (this indicator is focused on beneficiary municipalities of the Territorial Management Model (TMM)); (iii) project support led to the design of instruments for territorial management that includes features to strengthen control and monitoring in subnational governments. While the previous country strategy identified (as part of lessons learned) pervasive challenges related to limited capacity, local political instability, and lack of project ownership, more recent efforts, through different channels of collaboration at the sub-national level, have helped to alleviate these constraints and facilitate sound implementation. For example, the DNP is currently leading the implementation of the Colombia Multipurpose Cadaster Project, which aims to modernize cadaster and land administrations services. Derived from this intervention, tangible achievements have been recorded beyond the CPF period: as of April 2023, 11 new tools and strategies leading to improved cadastral system management have been developed.

13. Critical interventions in conflict-affected areas produced major challenges on how to achieve progress and generate impact at the territorial level under highly complex circumstances. An example of this is the Plan Pazcifico Water Supply and Sanitation Infrastructure Project which focuses on a region characterized by high levels of poverty (has the highest poverty and extreme poverty rate in the country, at 65.9 percent and 39.1 percent respectively, at time of writing), violence, forced displacement, and poor basic service provision. This project finances investments in water and sanitation to address the historical imbalances of the Pacific Region, which lags 51 percent in water and 70 percent in sanitation compared to the national average. Unanticipated COVID-19 response activities, not reflected in the project's results framework but financed with project proceeds, have benefited nearly 200,000 people. Rapid response actions like this can yield tangible results for the community in the future implementation period of the project.

14. The peace agenda continued to be a key topic in the socio-political landscape of the country. Colombia is the first country in the world to adopt a comprehensive framework for collective reparation³, which was validated and adopted by the Victim's Unit (VU) along with a methodology for the implementation of the reparation path. This framework removes a critical obstacle for the reparation of the different ethnic and non-ethnic subjects registered for reparation. The improved framework contains clear definitions, parameters, and guidance for operationalizing the attributes of Collective Reparation Subjects (CRSs). From the perspective of territorial management, this is very relevant as it provides a clear framework and a methodology for the implementation of the reparation path for the reparation of the 746 ethnic and non-ethnic identified subjects, registered by the VU country wide.

Objective 2. Enhanced Capacity for Natural Resource Management in Target Regions (Mostly Achieved)

15. Actions under this objective aimed at improving the capacity for the management of sustainable natural resources in key regions like the Amazon and for environmental assets like the Bogotá River. Small scale trust-funded activities proved to be impactful tools for engaging and boosting the agriculture sector. Some of these helped to promote agriculture development by extending environmentally-friendly cattle ranching production systems in close to 100 municipalities (5 eco-regions) since 2010. The areas under such production systems have quadrupled from 25,000 hectares in 2015 to 100,000 hectares at project's closing in 2020; note that only 0.26 percent of Colombia's total area is currently under cattle ranching. Project beneficiaries, including 4,100 farmers, a significant proportion of whom are categorized as poor or extremely poor, have received project instruments such as technical assistance, PES (Payment for Eco-system Services), or support for the establishment of on-farm nurseries). Close to 20 percent of these beneficiaries are women.

16. The Bank has provided support to Colombia's efforts to slow down and eventually reverse deforestation, which is a key priority identified by the recent SCD update. The way the WBG has contributed to achieving this objective is through policy support and investment programs: The Forest Conservation and Sustainability in the Heart of the Colombian Amazon Project and two additional financings (\$12 million, with a total funding of \$40 million (GEF 5,6 and 7)). This project has been the vehicle for the Bank to contribute to the protection of globally significant biodiversity and the implementation of policies to foster sustainable land use and restoration of native vegetation cover in the Amazon⁴. The program supports Colombia's Amazon Vision and has yielded important lessons on deforestation control. It also supported the expansion of the Chiribiquete National Park, which is currently the largest tropical rainforest national park in the world, following the last enlargement to 43,000 km² in July 2018. Actions under these operations assisted in the achievement of Objective 2 by helping to generate protected areas for the conservation of critical ecosystems, thus reducing deforestation risks and strengthening the institutional capacity to manage and preserve natural resources.

PILLAR 2: Enhancing Social Inclusion and Mobility Through Improved Service Delivery

³ Collective reparations are conceived as a common response from judicial and non-judicial bodies to deliver a benefit to a group of victims of gross violations of human rights.

⁴ The initial target for Areas of environmental significance brought under protection measures in target areas of the Amazon region (1,300,000Ha) was revised upward at that point, thanks to a significant expansion of the Chiribiquete National Park (PNNSCH), and the creation of a regional protected area, causing a significant increase in areas under protection measures. The project has reached the intended target at 3,104,945 ha (Oct. 2021; Initial value: 0).

17. Pillar 2, Enhancing Social Inclusion and Mobility through Improved Service Delivery aimed to improve: (i) Access to and Quality of Service Delivery in Target Areas, and (ii) improve Access to and Quality of Education. Out of six indicators, three were achieved, and three indicators were not achieved. Observing operational guidance for ratings assessments when reporting half or more of the intended indicators as not achieved, overall results for this pillar have been rated **moderately unsatisfactory**. Additional evidence that contributes to the overall Pillar-objective, not represented in the selected indicators, is offered in the succeeding paragraphs.

18. A combination of instruments stands out as clear success stories throughout this CPF period under this pillar. The Bank managed to respond effectively to evolving and unforeseen challenges by implementing unprecedented measures to integrate migrants from Venezuela, including a policy framework and access to services. Other critical and successful interventions included support in the health sector through the first-ever PforR operation that includes the enrollment of migrants into the health system as well as a grant-funded pilot cash transfer initiative through World Food Programme (WFP). Aside from the direct impact of the PforR operation, it's considered a critical success because it was the first of its kind in Colombia and paved the way for the second PforR in the education sector. Beyond the accurate choice of instrument to respond to the client's demand, the health PforR has helped to increase the number of low complexity public hospitals technically assisted in the accreditation process from a very poor baseline in 2019 and contributed to the issuance (via decree) of a regulation for training health care personnel in continuous quality improvement.

Objective 3. Improved Access to and Quality of Service Delivery in Target Areas (Partially Achieved)

19. The main result the CPF contributed to under this Pillar was its support to regularize the situation of Venezuelan migrants allowing them to legally work and access basic services. Analytical work prepared by the Bank informed a national policy to respond to the migration impacts; its main recommendations are the kernel of CONPES 3950, prioritizing several actions in key sectors such as health, education, and employment. Complementary technical assistance provided just-in-time policy advice shaping local development response plans in some of the most affected municipalities. An outcome of the response plans is that working jointly with the municipalities on identifying challenges and creating action plans to address them enabled them to include a migration lens in their development plans. Two Prior Actions (PA) in the Second Fiscal Sustainability, Competitiveness, and Migration DPF supported strategic changes in policy. The first PA supported the implementation of a Decree⁵ that eased the eligibility requirements and accelerated the timeframe to grant a Special Permit of Permanence (PEP) to "irregular" migrants registered in the Administrative Registry of Venezuelan migrants, including public health care, and mandated a framework to equate higher education degrees obtained in Venezuela⁶. The second PA supported the implementation of CONPES No. 3950, which provided a medium-term framework for Colombia to respond to migration-related challenges related to labor market integration, health, education, water and sanitation, housing, and support for children. At project closing, Colombia had issued temporary stay permits to more than 281,000 Venezuelan migrants, surpassing its own targets. Results achieved on this front beyond the CPF period have continued: As of October 2022, more than 2.5 million migrants from Venezuela were pre-registered in the Temporary Protection Statute or were fully regularized in Colombia.

⁵ Decree 1288 of 2018.

⁶ "Irregular" migrants are considered those who entered Colombia through non-authorized checkpoints or who have exceeded the limits of authorized human activity, according to the Ministry of External Relations definition. Other migrants entered Colombia entering through "regular" channels, and a portion of those entering were Colombian returnees.

20. **The objective has yielded mixed results given the complexities faced by some of the selected WBG interventions supporting the indicators.** Security challenges, coupled with limited client capacity and the effects of the pandemic, have led to delays in providing vulnerable populations with access to improved water sources in selected municipalities in the Pacific region⁷. One of the Bank's main collaborations in the region, the Water Supply and Basic Sanitation Infrastructure project, has faced several challenges, including the overreliance on complex administrative validation processes (viabilización), the mismatch between local market capacity and the security reality and national/project procurement requirements and expectations. Despite these obstacles, the operation has reached notable achievements by finding resources from an associated trust fund (City-Wide Inclusive Sanitation Initiative), supported by the Water Global Practice, to accommodate alternative sanitation solutions for participating municipalities. This has led to an updating of the national legislation to adjust technical standards to incorporate condominiumal systems as acceptable technologies for sanitation.

21. **Despite the delay in providing access to water sources, complimentary gender-related activities built into the operation are contributing to preventing abuse through women's empowerment in the Pacific region.** As of 2020, an initiative of the women's committees called Mujeres Cuidando Territorio (Women Caring for their Territory) was created to protect and monitor children, adolescents, women, and other at-risk groups from abuse. To monitor the project during recurrent lockdowns, the Geo-Enabling initiative for Monitoring and Supervision (GEMS) approach was pursued. The project underwent a restructuring process that included simplifying the results framework and triggering the Indigenous Peoples safeguard to intervene in areas where native populations are settled. The project has been extended beyond its initial closing date (Dec. 2022 to Nov. 2024) due to the need to adjust sub-components and revise the implementation schedule to achieve its Project Development Objective (PDO). Yet overall, the challenges mentioned above have impeded steady implementation, ultimately leading to the underachievement of the intended target within the CPF.

22. **The Health P4R supported the affiliation of migrants to the Colombian General System of Social Security in Health (Sistema General de Seguridad Social en Salud, SGSSS).** The P4R supported the approval of a regulation that defines the conditions under which regular migrants (i.e., migrants with Temporary Protection Status, PEP) can be affiliated to the SGSSS. Staff in priority departments were trained on protocols to ensure that qualifying migrants could exercise their health care rights; 24 departments strengthened their capacity to affiliate migrants to the health system. Achievements following the CPF period have continued: as of August 2022, 924,391 migrants were affiliated (equivalent to 37 percent of the total number of migrants with Temporary Protection Status), more than 75 percent of them were affiliated in the subsidized regime.

23. **Additionally, this same project contributed to improving quality of service delivery by supporting strategic investments in the quality of health care services.** These included: (i) updated standards and regulations for the certification of health care facilities, (ii) regulated use of telemedicine to ensure better quality care for Colombians living in rural and remote areas, and (iii) developed interoperability standards for electronic health records to improve clinical information exchange among

⁷ Specifically, the intended target is to provide people with access to improved water sources (50,000 of which 50% women-Actual: 0).

health care professionals and achieve better care integration for patients. These results plausibly contributed to the achievement of improved quality of health services delivery. However, it must be mentioned that there is no indicator in the result framework to capture this.

24. **To contribute to expanding access to services to Forcibly Displaced Population (FDP), in 2020, IFC and Bancamía, the first microfinance bank in Colombia and a part of the BBVA Microfinance Foundation, signed a cooperation agreement to strengthen the offering of financial products and services to Venezuelan migrants, especially women, to help them successfully integrate into the country's social and economic dynamics.** With support from the Women Entrepreneurs Finance Initiative (We-Fi), IFC conducted a qualitative market study to identify FDP customer segments and their needs related to financial and banking services, particularly those of women entrepreneurs. IFC also facilitated a human design process to develop a customer value proposition that would take their needs and preferences into account and adapted Bancamía's financial products to target FDP Micro, Small & Medium Enterprises (MSMEs). IFC also launched and monitored a pilot in select branches to understand their needs and usage behaviors. That study identified enablers and barriers for economic and financial inclusion of FDP in Colombia and in hosting communities (at provincial, municipal and district levels), with a particular focus on women as one of the most vulnerable segments of FDP. Achievements following the CPF period have continued: In November 2021, IFC worked with Bancamía to launch product offerings in two branches in Bogota and two branches in Cucuta, close to the Venezuelan border region. By August 2022, the bank had 6,780 FDP clients, representing a 49 percent growth from project start, with savings and/or loan products. It had an outstanding portfolio of 2,560 FDP clients, of whom over half were women, with an outstanding portfolio of over \$1.9 million.

25. **IFC had mixed results in the health sector.** IFC co-led with Financiera de Desarrollo Nacional (FDN) the structuring and tendering of up to five tertiary hospitals (two greenfield and three replacement of existing ones) as PPPs with a mandate from the Health Secretary of the District of Bogota (HSB) to expand the provision of quality health services. The project involved financing, design, construction, equipment, operation of non-medical services, and maintenance of the hospitals. However, due to changes in government priorities, only the Bosa Hospital was structured and tendered under an 18-year PPP contract, becoming the first social infrastructure PPP in Colombia and the first subnational PPP. The Bosa Hospital, project, located in an area with a shortage of over 600 hospital beds and one of the lowest ratios of hospital beds per inhabitants in the city, was awarded in December 2019, and the contract was signed in early 2020. By 2023, it is expected to improve access for 317,000 people. The project (602077), funded by client fees and SECO, mobilized private investments (debt and equity) of approximately US\$ 85 million and was recognized by *P3* as a Top Social Infrastructure Project in 2020. However, both IFC projects contributing to the indicator (Fundación Cardiovascular, 30454 and Serena del Mar, 31477) entered Special Operations and did not report amid exit negotiations.

26. **MIGA operation further reinforced key objectives on improvement in quality of care.** MIGA also supported improvements in the quality of healthcare services and emergency response capacity for the City of Bogotá. Results beyond the CPF time frame have been recorded: in November 2022, MIGA issued its first sub-national Colombia Pesos (COP) denominated guarantee for COP 1.37 trillion (equivalent to US\$350 million) to support Bogota's health sector which was under significant stress due to the COVID-19 pandemic. The health crisis highlighted the need to strengthen the city's capacity to respond to health emergencies and improve overall quality of healthcare services. The project has two overarching objectives: (i) to increase the quality of healthcare services through infrastructure and equipment upgrades for public healthcare centers serving 3.2 million people (44 percent of Bogota's

population) while implementing a new medical emergency information system; and (ii) to improve COVID-19 emergency response capabilities in terms of COVID-19 testing and the purchase of new ambulances. As 65 percent of the hospitals benefiting from this operation are expected to be located in the poorest areas of Bogota, and 50 percent of ambulances will be deployed in the most underserved and vulnerable areas of the city, the project will provide better access to healthcare for vulnerable communities.

Objective 4. Improved Access to and Quality of Education (Mostly Achieved)

27. Under this objective, the Bank was successful in reaching most of the intended targets to help improve access to higher quality education. A long-term, well-established engagement through the Bank's financial and analytical assistance has helped to address issues of quality and access in education. A weighty percentage of this collaboration has been in support to Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior (ICETEX's)⁸ student loan program since 2003, with a series of loans totaling over \$1 billion since then. Key components embedded in these operations include quality improvements through competitive grants to tertiary education institutions (the national program is called Colombia Científica), improving the quality of education through technical assistance to boost quality assurance systems at all levels, increasing student enrollment with a 6 to 4 ratio of female to male loan beneficiaries, and promoting equity in higher education, with a focus on students from disadvantaged socioeconomic backgrounds⁹. The series of loans includes additional financing for Proyecto de Acceso y Calidad en la Educación Superior (PACES) (\$160m-approved March 2018) to ensure that ICETEX's short-term financing needs were met during the transition in administrations in August 2018. The Bank has also delivered a series of analytical work focusing on promoting education quality through better performance monitoring, as well as developing appropriate models to strengthen rural tertiary education in the post-conflict context. This includes a series of RAS engagements with the Bogota Education Department on school leadership and socio-emotional skills.

28. IFC had mixed results in the education sector. Due to political and fiscal constraints, the Colombia PPP Schools project did not go as planned. The transaction structure was adjusted to better suit new priorities, which caused a delay in launching the tender process for the first set of schools in Medellin. With the pandemic, priorities shifted away from the project, and there was limited time to define a new mandate and update technical, legal, and financial analyses due to elections in the first semester of 2022. As a result, negotiations for an updated advisory mandate were not carried on, and the project was closed. Despite this, the project produced valuable outputs, including new regulations to facilitate PPPs in the education sector, a transaction structure report, a draft project agreement, and new skills and knowledge for government officials. Additionally, IFC provided assistance to Colombian universities such as Universidad de Los Andes and Uniminuto in their digital transformation. Both institutions were early implementers of IFC's Digitization for Tertiary Education Program (D4TEP), which helps universities identify their digital transformation needs and formulate financing strategies. IFC's advisory on employability also supported Colombian universities including Univerisdad Javeriana, Autónoma de Bucaramanga, Autonomia de Occidente, and Uni-Norte in strengthening their institutional capacity to reorient operations and systems to incorporate employability into their instruction and services.

⁸ These series of loans have all been implemented by ICETEX.

⁹ The percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) was close to 58 at CPF onset (64% was reached in 2017). The number of women benefiting from ACCESS loans was initially ca. 113,000 and reached roughly 164,000 by 2018.

PILLAR 3: Supporting Fiscal Sustainability and Productivity

29. Pillar 3, Supporting Fiscal Sustainability and Productivity aimed to: (i) improve Fiscal Management in Support of Fiscal Consolidation, (ii) improve Business Environment and Innovation to Boost Productivity, (iii) Deepen Financial Intermediation for Productive Purposes, and (iv) improve Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities. Five indicators were achieved, three were partially achieved, and two could not be verified due to shifts in the overall sector program and in the political priorities at the time. Overall, the results for this pillar are rated **moderately satisfactory**.

Objective 5. Improved Fiscal Management in Support of Fiscal Consolidation (Achieved)

30. **Under this objective, the WBG substantially contributed to the improvement of fiscal management and to support fiscal consolidation with concrete actions embedded in all three pillars of the Fiscal Sustainability and Competitiveness DPF series:** (i) Reduction of the VAT gap for tax evasion (VAT gap defined as the difference between actual and potential collections, expressed as a share of potential collections); (ii) the reduction in central government personnel expenditures and general operating expenditures (gastos generales) from 3.1 to 2.8 percentage points; (iii) Increase in the share of existing fiscal incentives granted by the National Council of Fiscal Incentives for Science, Technology and Innovation (STI) to firms that come from sectors other than mining and energy, from 16 to 67 by 2019 (target of 24). Additional evidence of supplementary contribution to this objective under this DPF and adjoining advisory work is reflected in the results framework.

31. **Well-founded and timely Bank response to Government demand supported the enhancement of fiscal sustainability measures while fostering productivity and growth in non-extractive sectors, demonstrating flexibility in adapting to emerging challenges, such as the influx of Venezuelan migrants.** As part of a series of development policy operations, the Bank assisted the government in its efforts to adjust the country's public finances while furthering structural reforms to enable productivity growth and diversification. Additionally, the challenges generated by the peace process and the Venezuelan migration inflow required key structural reforms underpinned by these operations as well. The first pillar of the Fiscal Sustainability and Competitiveness DPF series supported fiscal sustainability and improved contingent liabilities management; reforms under pillar 2 also complemented structural measures Colombia was undertaking in advance of joining the OECD. Key measures helped improve the tracking and funding of subnational public pension liabilities, and to consolidate fiscal sustainability by supporting measures to reduce tax evasion generating over 700,000 new taxpayers between 2016 and 2018.

Objective 6. Improved Business Environment to Boost Productivity (Achieved)

An upgrade in the rating of this objective is proposed from Partially Achieved to Achieved. As the CLR will highlight further ahead (in the Design and Lessons Learned sections), the broad and multi-dimensional nature of some the results indicators is signaled as a shortcoming in the design of the Results Framework and is highlighted as an issue of attention to inform the next CPF. In the case of this objective, there are compelling achievements, as part of the WBG activities during this CPF period, that have contributed to the improvement of the Colombian business environment. One of these outcomes is mentioned as additional evidence in the results framework with a clear statement of the result and its rationale. In the back of this evidence, and the fact that no major shortcomings are identified, an upgrade in the rating is proposed for this objective. A complementing outcome reached during the FY22-23-time gap is also included as evidence of sustainability in results related to continuing engagements relevant to the CPF (in the Results Framework).

32. Emblematic policy financing helped to enhance the business environment and improve productivity.

The implementation of the Fiscal and Growth DPL Series had the main objective of fostering productivity and growth in non-extractive sectors by strengthening the policy framework for trade facilitation, business regulation, innovation and green growth. This largely contributed to capturing and supporting the broad dimension of Objective 6 in specific results indicators such as the increase in: (i) the number of firms applying to an antitrust leniency program, (ii) the share of fiscal incentives for STI to firms in sectors other than mining and energy, (iii) the installed auto- and co-generated electricity generation capacity, and (iv) the number of firms registered through a single electronic window. More specifically and to illustrate, in the context of installed auto and co-generated electricity generation capacity, the Borrower has now established guidelines to enhance efficiency of energy management at the firm level by, inter alia, regulating the sale of surplus energy deriving from the auto-generation of energy at a small scale. This has clearly improved the business environment. Similarly, the single electronic window has allowed over 40,000 firms (zero in 2015) to simplify procedures in regular business transactions with the elimination of cumbersome regulations. Details on continuing activities supporting this objective beyond this CPF period are provided in the additional evidence section of the results framework.

33. Symbolic development policy operations helped to foster solutions for infrastructure financing and to strengthen regulations that affect innovation and business efficiency.

Tax reforms supported by DPFs benefited approximately 1,168,866 firms. The Instituto Colombiano Agropecuario (ICA) reform implemented in 2016, which allowed businesses to declare on a yearly basis instead of every 2 months, benefited a total of 138,192 firms. In May 2016, the elimination of the requirement for new businesses to open a bank account when registering to obtain a Tax Identification Number (RUT) benefited approximately 116,753 businesses (as evidenced by DIAN¹⁰ annual reports from May 2016 to October 2017). The reduction in the average time spent in line at the Taxpayer Assistance service (from 21 to 16 minutes) has benefitted 913,921 firms (source: *Estimaciones de reducción de tiempos de espera* from DIAN report). As of October 31, 2020, the new Simple Tax regime had benefited 23,355 firms, although – according to DIAN – this regime plans to benefit approximately 100,000 firms through 2024.

34. Under this objective, evolving circumstances in the country shifted the government’s priorities to advance on certain reforms.

Despite the Government’s willingness to advance with the competitiveness reform, the political landscape and the legislative space shifted substantially around that time (early CY-17) to focus intensely on the peace agenda. In the back of this, a decision was made that it was not suitable to keep the previously envisioned target of implementing a national competition policy addressing trade barriers (Indicator (a), under Objective 6). However, additional evidence illustrated below, from IFC and MIGA, lists noteworthy efforts that contributed to the overall Pillar.

Objective 7. Deepened Financial Intermediation for Productive Purposes (Mostly Achieved)

35. The Competitiveness and Recovery DPF supported measures to improve financial intermediation especially for MSMEs.

The introduction of a regulatory framework for green bonds to finance private investment will contribute to Colombia’s climate change policy objectives and commitments. This will take place by facilitating the relationship between issuers and investors, as well as strengthening the protection, transparency, trust, and integrity of the local market. The supported action is expected to increase green

¹⁰ Dirección de Impuestos y Aduanas Nacionales

bond issuance, from 0 in 2019, to 4 by 2023. Moreover, measures to increase access to capital markets aim at making crowdfunding a relevant source of financing for MSMEs that do not reach the threshold required for capital markets debt issuance. It's estimated that the volume of financing through crowdfunding platforms in Colombia increased from COP 8,000 million in 2020, to COP 40,000 million in 2022. Finally, the introduction of a comprehensive framework to promote a more robust digital fast-payment transactions environment for low value payments creates an incentive to switch from cash to digital payments among the lower income segments.

36. To deepen financial intermediation, IFC played a catalytic role in financing infrastructure programs and strengthened the banking sector by providing solutions in banking for women and MSMEs, digital finance, and green bonds. IFC supported the creation of FDN, which allocated over US\$ 1.2 billion (22%) of the US\$ 7.1 billion in financing to 4G infrastructure projects through 2020. FDN's portfolio achieved IFC's allocation targets in local currency; it did not, however, fully achieve the USD equivalent outstanding portfolio, due, in part, to Colombian peso depreciation and allocated amounts pending disbursement. In support of this objective, IFC was also an anchor investor in the first local currency debt fund to provide long-term financing to 4G projects and supported the structuring of PPPs in the 4G road concession program. And during these latest CPF years, IFC explored opportunities in renewable energy, electric mobility and 5G infrastructure programs.

37. To promote financial inclusion, IFC was active in the microfinance sector and implemented the Banking on Women Program (BoW). IFC's support to Microfinance Institutions (MFIs), with over \$41 million in commitments to local MFIs, provided access to credit for over 800,000 microentrepreneurs. The program provides financing and expertise to help them expand their client base. With know-how in customer segmentation strategies and support services, BoW supported *Banca de las Oportunidades* and *Banco Caja Social* in providing high-quality financial services to women with additional support from We-Fi, and using the Registry of Existing Movable Guarantees.

38. IFC and MIGA collaborated to advance gender finance in the banking sector. IFC's main gender-related investment during the CPF period was in Banco Davivienda, a subordinated loan of \$335 million of which \$108 million was directed to spur lending to Women-owned small and medium-sized enterprises (WSMEs), and the remainder was used for sustainable construction projects and social housing. The project was also supported by MIGA. In June 2020, MIGA issued a guarantee for up to US\$47.5 million to cover a non-shareholder loan from the OPEC Fund for International Development (the OPEC Fund) to Banco Davivienda. The proceeds of the non-shareholder loan were used to support Davivienda's on-lending to WSME and social housing and green building projects. The subordinated loan instrument from the OPEC Fund forms part of a larger IFC-led syndication in which the OPEC Fund has participated on parallel loan terms.

39. MIGA was a pivotal partner in Colombia's financial sector, supporting the CPF objective of deepening financial intermediation in the country. During the CPF period, MIGA issued new guarantees for three financial sector projects totaling US\$847.1 million.¹¹ These projects aimed to strengthen the financial sector by increasing credit availability for road infrastructure financing, promote bankability of climate

¹¹ MIGA issued guarantees for the following financial sector projects: Banco Davivienda for US\$47.5 million (issued in June 2020); Bancoldex S.A. for US\$385 million (issued in June 2020) and FDN Climate Finance Facility US\$414.6 million (issued in June 2022).

finance projects, and supporting affordable access to credit for MSMEs through local financial intermediaries. MIGA also supported MSMEs severely impacted by the COVID-19 crisis and the global liquidity squeeze.

40. To improve the ecosystem for open finance, IFC implemented DigiLab, a platform for the financial sector to develop and accelerate their digital innovation strategies (e.g., data, payments, open banking, and digital transformation). DigiLab Finance supported medium sized FIs to design digital transformation strategies that allowed them to weather the pandemic. The program underlines specific challenges in female digital inclusion and helps participants address the gender digital divide for end beneficiaries. DigiLab Sandbox, a second program, helped FIs and market regulators align their regulatory and supervisory strategies to enable a safe and sound modern financial system and understand how to respond to a shifting landscape. The outcomes from these programs, are in the additional evidence section of the results framework.

41. The PLR emphasized climate finance as one of the key areas in which the WBG institutions would work together. Since 2020, IBRD and IFC actively supported SFC to develop green bond guidelines and a green taxonomy, assessing climate risk vulnerabilities and making recommendations for the disclosure of climate-related financial risks and opportunities. In 2022, the Government launched the Green Taxonomy to facilitate the identification of projects with environmental objectives, develop green capital markets, and promote the effective mobilization of private and public resources toward investments that allow the country to fulfill its commitments. Colombia also issued its first green sovereign bond in local currency for a total amount of COP 750 billion (approximately US\$ 200 million). The country hopes to raise COP 2 trillion (approx. US\$ 533 million) to finance environmental investment projects. In FY16-FY21, IFC committed nearly \$654 million in climate-related finance, of which US\$ 264 million specifically went to green bonds. These projects aimed to increase the green portfolio of financial intermediaries and promote clean transport. The target for annual greenhouse gas (GHG) emissions reduction expected from IFC projects for 2021 was surpassed, with a reported reduction of 315,500 Tco2/year from climate loans disbursed and reported by FI clients in the CAFI (Client Assessment for Financial Institutions) platform.

42. Climate advisory services from IFC achieved positive results, with programs like Excellence in Design for Greater Efficiencies (EDGE) and TechEmerge. Colombia's government green building policy and incentives programs, along with the strong support of a local partner, Colombia's Chamber of Construction (CAMACOL), and IFC's green finance offering created a thriving ecosystem for the green housing market in the country. As of June 2021, Colombia accounted for 37 percent (close to US\$ 448 million) of IFC's cumulative green building investment in LAC. The TechEmerge Sustainable Cooling Program aims to accelerate the uptake of innovative cooling solutions by businesses in Colombia and Mexico, to increase efficiency, reduce GHG emissions, improve accessibility, and/or decrease the costs of cooling services, through grant funding and technical assistance. As of 30 June 2021, TechEmerge had successfully paired innovators and local adopters and chosen eleven pilots with nine local adopters with implementation through FY22 (outcomes will be included in next CPF cycle).

43. MIGA has further reinforced Colombia's climate finance goals through various transactions. In the latter period of the CPF, MIGA issued guarantees totaling US\$414.6 million (COP equivalent) to support FDN's local lending operations, with a focus on climate finance infrastructure and road projects to facilitate economic recovery from the COVID-19 pandemic. MIGA also provided support for the Puerto Antioquia project, which includes financing measures to mitigate sea-level rise and storm surge related risks and

promote a modal shift in transportation to reduce GHG emissions. Paragraph 48 contains more details on the Puerto Antioquia project.

Objective 8. Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities (Partially Achieved)

44. The WBG had mixed results under this objective with tangible additional evidence of key complementary interventions, as mentioned below. Although the target for the number of beneficiaries of IFC subnational finance projects was not achieved, IFC's efforts through the LAC Sustainable Cities Program, supported by SECO, resulted in a total value of financing facilitated and mobilized of US\$236.2 million.¹² IFC supported cities through capacity building, upstream project preparation, and advisory, to develop a pool of bankable projects in urban infrastructure. The program aimed to enable cities to attract commercial capital that complemented public-sector resources and to adopt a more strategic approach to urban planning and infrastructure pipeline development. IFC supported the projects either through public-private partnerships or by providing subnational commercial financing. Throughout its implementation, the program was adjusted, and its regional impact target – the value of financing facilitated from commercial investors, including IFC – was reduced. Program implementation was difficult due to issues with program design (broad scope and lack of clarity on how potential activities would bring about outcomes and impact). New activities were added in 2020, including (i) advisory to support the Urban Development Institute of Bogota (IDU) in adopting and monitoring compliance with the SRAP/RAP (RAP: Resettlement Action Plan; SRAP: Supplemental Resettlement Action Plan) of TransMiCable and Caracas Sur, (ii) activities to strengthen IDU's capacity to incorporate international environmental and social performance standards in its urban projects, and (iii) advisory to help selected cities to respond to COVID-19.

45. Three noteworthy projects were implemented: TransMiCable, Transmilenio (Bus rapid transit, BRT) Caracas Sur Extension, and an advisory to the Secretariat of Women Affairs and the Under Secretariat of Citizenship Culture of Bogotá. TransMiCable, an aerial cableway connecting Ciudad Bolivar (with a population of 670,000¹³) to Bogota's mass transit system, allowed passengers to use both systems under one single fare, and reduced travel time from 60 to 13 minutes.¹⁴ Construction was completed in 2018. In addition to providing physical infrastructure, the project helped develop municipal community centers to offer capacity-building and training to support Ciudad Bolivar's population. The second project, the Caracas Sur BRT corridor extension, required purchasing land and property from landowners and carrying out compensation procedures. IFC supported IDU in the development of a RAP that was consistent with IFC's Environmental and Social performance standards. However, the construction was not completed by the end of FY21. The third project provided advisory services to the Women's Affairs Secretariat to help the administration understand the pandemic's differentiated effects on women and was implemented in FY21. Its results showed that women caregivers in low-income areas were more affected by mental health problems due to increased workload and lack of savings.¹⁵

46. The LAC Cities program provided project preparation support to municipal administrations in Cali and Medellin. For Cali, the program conducted a study on different business models to replace the city's bus

¹² Includes USD 140 million from TransMiCable and Transmilenio, USD 11 million from Cali e-buses Cali and USD 85.2 million from Bosa Hospital.

¹³ Approximately 13 percent of the population of Ciudad Bolivar live under extreme poverty, 12.6 percent unemployment rate, and about 48 percent informal employment.

¹⁴TransMiCable and Bogota Caracas Sur Board Paper, October 1, 2019

¹⁵<https://commdev.org/blogs/in-bogota-impact-mapping-shows-covid-19s-strain-on-women-caregivers/>

fleet with e-buses, with international experiences, and recommendations to implement the services gradually, test the technology, and propose operational adjustments. In Medellín, the project assessed different technology options of waste to energy solutions and a waste management road map was formulated, together with a cost-benefit analysis of pre-selected alternatives for waste treatment and recovery technologies was conducted. The findings were presented in 2020.

47. IFC-IBRD collaboration supported the Government in improving access to basic services and affordable low-income housing. From 2013 through 2016, a programmatic series of two DPFs for Productive and Sustainable Cities (US\$ 150 million – US\$700 million) backed the government’s reforms for inclusive cities embedded in the country’s NDP for 2014-2018. The series led to the establishment of a legal framework that provided subsidies to finance the connection of poor households to neighborhood water and sanitation service¹⁶. Based on the lessons learned from the previous strategy to improve complementarity between financial and knowledge services, the ASA includes an urban sector study, the “Colombia Urbanization Review – Amplifying the Gains from the Urban Transition”, which offers concrete policy guidance on how to maximize the efficiency of the country’s system of cities. The findings of the review informed the design of the NDP and directly supported the development of the *‘Misión para el fortalecimiento del Sistema de Ciudades de Colombia’*¹⁷ policy initiative. This DPF series was informed by crucial knowledge that facilitated reforms in the target sectors. Looking ahead, an IPF approved in FY21 to improve the quality of housing for vulnerable households has initiated implementation and will continue through the next CPF period.

48. A MIGA operation further reinforced the achievement of the Objective through improved infrastructure. MIGA issued new guarantees in the amount of US\$ 128.5 million for the construction, development and operation of Puerto de Antioquia, a greenfield multipurpose private concession port facility in the Gulf of Urabá. Upon completion, the project is intended to (i) generate time and cost savings for exporters/importers in the region by providing the closest access to the Atlantic Ocean for an area extending from Bogota to the “Eje Cafetero”; (ii) increase economic dynamism by expanding agricultural production and incentivizing complementary port services, such as storage, warehouses, and transportation companies; (iii) create direct and indirect employment opportunities during the construction (1,200) and operational phases (750); and (iv) support government tax revenues.

III. WORLD BANK GROUP PERFORMANCE

a. Design and relevance

49. The overall performance of the WBG based on the design and the implementation of the CPF program is rated Good. The framework contributed to the achievement of targets in most areas and exhibited adequate alignment with the goals of the NDPs for the 2016–21 period. In addition, the CPF framework generated synergies across the WBG with effective interventions, including quick response actions during the COVID-19 crisis. The Bank adapted through the CPF framework and used its comparative advantages to deliver a program that achieved its twin goals.

¹⁶By December 2016, the number of low-income families with access to affordable and safe housing solutions resulting from the new housing scheme for voluntary savings (VIPA) rose from 10,000 (target) to 35,000 families (baseline value of zero in 2015). More details of the indicator breakdown and adjustments in Annex 2.

¹⁷Sistema de Ciudades de Colombia is made up of 58 agglomerated cities with economic, political-administrative functions. From the results of the Mission, the national policy to strengthen the city system was emerged (CONPES 3819), seeking to establish a long-term framework to guide, articulate and make the actions of all the entities more efficient for the cities’ development purposes.

50. At the PLR stage, several changes were made to the CPF results framework: 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. This entailed dropping ten indicators and adding six new ones; eight indicators were also revised. When the pandemic struck in late FY20, the program was adjusted to support Colombia's strategy and programs to address the COVID-19 crisis and promote a sustainable and robust recovery. This was consistent with the WBG COVID-19 Crisis Response Approach Paper (WBG AP) and the Bank's Green, Resilient, and Inclusive Development (GRID) Approach. The adjustments included additional support in the health sector (both advice and financing) to protect the poor and vulnerable (targeted transfers, reform of the social registries, resilient and inclusive support, increased support for migrants and host communities). Also, it aimed to build resilient and sustainable infrastructure for medium-term growth while maintaining robust macroeconomic policies and fiscal sustainability. Because of client demand, the adjustment was accompanied by knowledge work in key areas.

51. The multidimensionality of the selected indicators, dependency on operations that faced implementation delays, and lack of available-measurable data created some issues with the results matrix. Although a significant number of indicators were achieved, or even surpassed at PLR stage, the selection of indicators and the appropriateness of the WBG interventions to support the objectives could have been strengthened. The multi-dimension nature of several indicators made it difficult to measure or track, even more so for a 6-year period as the one covered by the CPF. For the next CPF, it will be important to avoid multi-dimensionality and to focus on tasks that embed intended outcomes directly impacting each objective, with clear rationality and traceability. The cross-cutting theme of "Construction of Peace" could have come across more clearly in the selected indicators which is also an important aspect to inform the design of the upcoming framework if a cross-cutting element is to be included.

52. Mobilizing the different arms of the WBG and collaborating with other development partners was crucial in supporting the design and implementation of ambitious programs in Colombia. The WBG's coordinated response to government demand is an example of how different WBG agencies can work together in a sequenced and parallel manner, leveraging their capabilities to support large infrastructure investments. This was done under the principles of the Cascade Approach, which judiciously uses scarce public resources with a focus on de-risking projects and addressing market gaps, prioritizing commercial finance, and tapping into new sources of capital such as the institutional investor base. IBRD, IFC, and MIGA have jointly developed the Colombia Capital Market Deep Dive since 2013 to create the necessary conditions to mobilize financing from institutional investors. They supported the creation of new regulations for issuing and investing in infrastructure bonds, including the creation of debt funds to facilitate pension investments and training for pension funds in the infrastructure asset class. Meanwhile, IFC and IBRD have supported FDN to strengthen its ability to address gaps in financing available from the domestic financial markets. Through its FDN Climate Facility project, MIGA supported the financing of several road infrastructure projects under Colombia's 4G and 5G road infrastructure programs. IFC, in addition to considering the provision of long-term debt for specific 4G projects, has worked on the design of unfunded instruments to mitigate construction risk and attract institutional investors to infrastructure project bonds to finance 4G projects.

53. The overall risks involved while achieving the CPF objectives remained moderate. Despite vigorous efforts to mitigate risks for project implementation, it happened that local political economy, weak institutional capacity, tangled institutional arrangements, and a challenging operating environment remained primary impediments to steady implementation, especially at the sub-national level. For some

of the operations in the program, such as the water-sanitation and waterway-connectivity projects in the Pacific coast, security risks remained substantial. The impact of these risks on the overall program persisted throughout the CPF period, resulting in delays in preparation time, implementation setbacks due to insufficient capacity to expedite logistics, bottlenecks in procurement processes, and increasing security conditions, particularly for projects in the Orinoquia and the Pacific region. Mitigation measures included strengthening subnational institutional capacity, greater emphasis on conflict and displacement risks, and closer accompaniment and assessment on security issues. The Bank has continued to work actively to address risks in truculent surroundings, by training Bank staff in how to work in insecure areas. The impediments to successful project implementation leave valuable lessons for the next CPF in terms of the need for proper identification of risks and for effective mitigation mechanisms.

b. Program Implementation

54. Colombia has remained one of the main clients globally and has kept its place in the top 10 borrowers list (measured by the country's level of exposure debt) for the last ten years. The active portfolio consisted of 14 IBRD projects with total commitments of close to \$3.8 billion and three stand-alone trust-funded projects (GEF and BioCF¹⁸) amounting to \$66 million in commitments. At time of writing, the current portfolio also includes co-financing from the GCF which also extends to future operations. IFC's committed portfolio in Colombia, also in the Top 10 IFC-wide, stands at \$1.9 billion, of which \$1.6 billion is outstanding as of June 30, 2021. The portfolio consisted of 39 active clients in more than 20 industries and is the 7th largest worldwide and 2nd in the region (own account). Over the CPF period, IFC's Committed portfolio grew by 48 percent, driven primarily by demand from Financial Institutions Group (FIG) and Manufacturing, Agribusiness and Services (MAS) clients and supported by IFC's leadership in Climate, Gender and COVID facility financing, such as Green Bonds for Bancolombia, Davivienda, and Celsia; WSME financing with Davivienda; and COVID-19 facility financing for Grupo Reve and Ara Tiendas. MIGA's current portfolio stands at \$1.6 billion and includes projects in the financial services sector as well as projects to support infrastructure in Medellín (Metro de Medellín), the Port of Urabá, and the municipality of Bogotá, including initiatives focused on supporting healthcare services and education.

55. During the CPF period, the WBG provided a robust package of financial, knowledge, and convening services that supported the achievement of CPF objectives. The Board of Directors approved 17 operations to Colombia, with a total committed amount of over \$7 billion (appreciably north of previous CPS packages). Nearly 90 percent of this amount is represented by the approval of 10 DPF operations. The Bank delivered 176 ASA, including technical assistance in the form of Impact Evaluations, Just-in-Time, Rapid Response technical advice, and RAS, covering each of the main focus areas. The implementation of the CPF was also supported by IFC's advisory work in microfinance, sustainable energy finance, corporate governance, and PPPs as well as MIGA's collaboration to assist intermediary financial institutions for urban infrastructure development and healthcare services. The implementation of the CPF also evidenced adequate attention to risk management, sound alignment with country systems, and steady attention to fiduciary and safeguard issues.

56. Valuable lessons learned from the previous country strategy were integrated into the preparation and implementation of the CPF. As a flexible and innovative tool, the framework, ratified by consultations

¹⁸ BioCarbon Fund

with main counterparts, allowed the Bank to explore new avenues of collaboration, mainly through knowledge pieces centered on country development priorities, often in tandem with trust fund resources. In terms of lending, Colombia is the first client Bank-wide to have reached three generations of CAT-DDOs, with the last one being a fundamental piece in the WGB response, along with other DPFs and technical analytics, to mitigate the COVID-19 crisis (see Annex 7 on Crisis Response and Program Adjustments). Additional support has been extended to assist Colombia in managing risks resulting from adverse natural events, including disease outbreaks, through the approval of the third CAT-DDO (\$300m). The approval of the first-ever PforR operation in Colombia to support the health care system speaks to the innovative nature and increasing focus on results of some of the initiatives undertaken during this CPF period. The IFC advisory program also expanded to attend strategic requests. The implementation of the CPF also reflected the WBG's capacity to sustain its focus and extend its engagement for Maximizing Finance for Development (MFD), as shown in Box 1 below. CPF implementation throughout this period has demonstrated that, given the difficult operating environments, preparing and carrying out projects at the regional level in the country demands appropriate time and flexibility. Incorporating lessons learned from other programs and projects in the ongoing and previous CPFs, remained a valid practice that yielded positive outcomes.

Under the 4G Roads Concession program, IBRD and IFC facilitated improvements in the regulatory and institutional framework that enabled local and international private sector investment in infrastructure to: (i) support in creating PPP umbrella legislation, (ii) provide policy and technical advice for infrastructure reforms, (iii) provide TA for creation of new agencies/financing structures. IFC provided transaction advice that contributed directly and indirectly to the preparation and award of 32 road projects worth \$14.8B. IFC also invested \$70m in FDN and \$50m in a local infrastructure debt fund. In addition, initiatives related to the quality of health care conducted joint analysis on public and private healthcare provision, which included a detailed assessment of the facility level and structural constraints to improve healthcare quality. The Sustainable Infrastructure for Recovery DPF program emphasized green multimodal transport and urban mobility and strengthened, with close collaboration with the IFC PPP Advisory team, the upstream concession framework for PPPs in key sectors, and provided comments to the draft project agreement presented by FDN to the Bogotá Metro Line 1 concession. Collaboration with the IFC infrastructure and financial sector investment teams and the Cities Program built on upstream policy advisory and specific potential transactions. MIGA's support to FDN for on-lending to various projects under the country's 4G and 5G road infrastructure programs complements IBRD and IFC efforts to mobilize private capital for Colombia's infrastructure development. The Bank and MIGA continued to explore opportunities for collaboration and blended financing solutions in infrastructure sectors.

In the livestock sector, IFC and the Bank worked together to strengthen the provision of public goods and the use of sustainable livestock practices by firms. In 2019, the World Bank conducted a RAS for ICA to define a regional zoning scheme to strengthen foot and mouth disease controls and be certified again as a country free of this disease to restart exports. Finally, the Orinoquia ASA is conducting a geospatial mapping and analysis of the region that will provide information for private investors.

In the coffee and cacao sectors, IFC is currently conducting a suitability analysis for Robusta coffee production in Orinoquia, a worthwhile aim contributing to the Bank's regional ASA. Additionally, IFC is piloting an app developed by Amazon Web Services and Cal Poly with one of its clients, building on the work begun by Traceability Tech ASA.

Box 1. WBG joint efforts contributed to Maximizing Finance for Development (MFD)

57. The overall ASA program, including Programmatic Approaches (PAs), was substantial in terms of the number of tasks and sub-tasks, as well as the depth and diversity of subjects covered. To highlight, 27 tasks were conducted as RAS, totaling close to US\$13 million for the period, in response to government

agencies' requests in areas such as education, governance-justice, health, social protection, agriculture, and transport, among others. Flagship ASAs such as the Equity report and the Policy Notes have helped maintain the policy dialogue and informed decision-making at sector level advocating for important structural reforms and paving the way for the lending pipeline. An example of ASA work as highly relevant policy driver and an instrument to address knowledge gaps, was the task conducted to determine the social, sectoral, and economic impacts of migration from Venezuela to Colombia, particularly on host communities. On collaboration for knowledge services, IFC's advisory team worked closely with the Bank's team to lead the Sustainable Livestock Finance ASA and the Orinoquia ASA. The Sustainable Livestock Finance ASA continued the work IFC began with one of its clients and International Center for Tropical Agriculture (CIAT), to model the GHG balance of its farm, including soil carbon. The Orinoquia ASA has developed a training program for livestock farmers, and teams are considering the provision of training to the suppliers of an IFC advisory client.

58. RAS has been a highlight of the overall knowledge agenda throughout the CPF period and has maintained demand across changes of government. Reimbursable services have proven to be evidence of the value of the technical assistance provided to the Colombian clients in an array of topics. Since its inception, this instrument has grown extensively and in fact, many of the first tasks have enjoyed renewals after their initial rounds. For example, the school feeding work has been a particular success providing advice to the government on modifications to the delivery system of the program (through work commissioned under the previous administration), which the current government is now implementing.

59. Complementarily, South-South Knowledge Exchanges have been at the center of convening services facilitated by the Bank, with an average of six activities taking place per FY of the CPF period. Close coordination with Colombia's Agency for International Cooperation (APC) has facilitated the sharing of several good practices with many countries interested in the potential for replication in their own environment. Since FY16, 43 knowledge exchanges have taken place, extending to IFC facilitation of five 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. Although face-to-face exchanges were severely impacted by COVID-19 restrictions for travel between March 2020 and even beyond June 2021, a few virtual initiatives took place.

60. DPF operations made up the bulk of total disbursements year-to-year, while some IPF projects helped maintain a steady policy and investment lending ratio throughout the CPF period. Disbursements during the period averaged close to US\$ 1 billion per fiscal year for all financial instruments combined. IPF total disbursing of close to \$900 million during that time (FY16-21) allowed for an average disbursement ratio of around 20 percent, nearly twice the ratio recorded for the previous FY12-16 CPS period. This was mainly due to specific investment projects that underwent a notable turnaround in implementation, such as the Rio Bogotá Environmental Recuperation project. Others enjoyed a steady disbursement trend from the outset, given the nature of the project and its implementation dynamic, as in the case of the Access and Quality in Higher Education-ICETEX, which disburses against the provision of student loans.

61. Portfolio implementation has greatly improved during this CPF. Close monitoring, continuous engagement with key counterparts, and making joint complex decisions on over-age and stalled projects, combined with the proactive actions of different project teams, have allowed for a positive turnaround in some formerly slow-implementing IPF projects. However, several operations approved within this CPF period still face important challenges for implementation caused by factors such as institutional capacity limitations, delays partly due to the transition between two different presidential administrations,

reformulation of the intended results, changes in key staff, intricate institutional arrangements, lengthy approval of formal authorizations, and a highly legalistic environment. Several investment projects, including those whose Board approval took place before the beginning of this CPF period, have undergone more than one restructuring, including in many cases the extension of closing date, the recategorization of components and adjustments to the results framework and safeguard categories. Portfolio composition has also expanded to explore with new instruments, such as the first-ever PforR in the health sector, which has disbursed over 70 percent of its loan proceeds after less than two years from effectiveness.

62. What used to be a program with double-digit percentage for commitments at risk (over \$500m in FY16) decreased to 3 percent (\$132m) in 2021. As an example, resolving critical bottlenecks facilitated the full disbursement and successful turnaround of the challenging Río Bogotá environmental recuperation project. Amid the COVID-19 crisis, the first-ever virtual CPPR led to the complex decision of not extending the National Urban Transport Program, a thrice-structured, long-standing engagement of almost to a decade to support mass transit systems in different cities of the country, which suffered from limitations attributable to the pandemic leading to a dramatic impact in passenger ridership in all systems and ultimately, to the moderately unsatisfactory closing rate. Complementing channels of engagement via other TA instruments or operations such as the Metro Line 1 project preserved Bank collaboration in the transport sector.

63. IFC has a robust advisory and upstream agenda in Colombia, aimed at tackling complex investment issues and development challenges. It is the largest in LAC with 56 portfolio and pre-implementation projects during the CPF period, 32 percent of which are Upstream, 25 percent gender, and 38 percent climate flagged. Colombia plays a central role in supporting regional projects across LAC, with implementing partners in 48 additional projects. The breadth of advisory and upstream projects include: (i) Financial solutions pilot program and market assessment for FDP (see paragraph 24) ; (ii) develop movable asset-based lending (MABL) products and more broadly non-traditional forms of collateral (see paragraph 64) ; (iii) numerous infrastructure initiatives across sectors (Water & Sanitation, Waste, Energy and Transport) with focus on relevant cities in the country; (iv) agribusiness (beef, forestry, cocoa, soy processing); (v) education with D4TEP (see paragraph 28); and (vi) green taxonomy to help achieve climate priorities of the country (see paragraph 41).

64. IFC's advisory on movable assets as collateral helped to address a major challenge faced by MSMEs seeking credit. IFC provided technical assistance to the Ministerio de Comercio, Industria y Turismo (MinCIT), Bancoldex, and Banca de las Oportunidades (a program unit of Bancoldex) to deepen the implementation of reforms on the secured transactions regime, support the use of movable assets as collateral for accessing financing for SMEs, and contribute to the development of electronic invoices as a negotiable instrument (Latin American Financial Infrastructure project 600865). The project helped over 90,300 MSMEs access financing with movables and achieved Value of Financing Facilitated (VFF) of \$45.8 billion (as estimated by the external impact evaluation firm) although the amount reported in iPortal is the collateral registry figures which is \$667 billion.

65. IFC has taken steps to promote sustainability and gender inclusion at the leadership level of Colombian firms through its corporate advisory. The project has been successful in improving corporate governance (CG) practices and promoting the sustainability of market intermediaries, having facilitated \$377 million in finance (against its target of \$50 million). The project supported the creation of four corporate governance-related laws and regulations and led to the creation and consolidation of the

Instituto Colombiano de Gobierno Corporativo (ICGC). The project has offered training in board leadership and fostering a community of women on boards (203 women trained, 70 hours of training).

66. IFC provided advisory support for sustainable agriculture, focusing on the cocoa and beef sectors. Under the cacao project, two companies in Orinoquia region engaged in the Gender Diagnostic to identify opportunities to close the gender gap in their operations and in their plantation supply chain. The goal was to profile cacao farmers and farmer associations and build a traceability prototype in collaboration with the BioCFs “Piloting Technologies to Provide Traceability of Products Linked to Deforestation Program” implemented by the World Bank. The Colombia Beef project supported two clients to reduce emissions, improving land management, and adopting climate-smart beef production practices, while simultaneously promoting sustainable and efficient ranching. Through this partnership, several studies were conducted to assist the clients’ transition to a climate-smart and low-carbon livestock supply chain (e.g, a GHG and carbon footprint assessment, characterization of farms, an economic feasibility analysis, and a land protection plan) Technical assistance to increase productivity was also provided, in pasture and feedlot management. This project has reached over 500 stakeholders, including farmers, trainers, government, and private sector representatives, through capacity-strengthening and has improved the sustainability of more than 13.000 ha. Additionally, it has catalyzed new global and national partnerships for its clients, including the International Center for Tropical Agriculture, the Tropical Forest Alliance, Colombia’s Center for Research on Sustainable Systems of Agricultural Production (CIPAV).

67. MIGA’s portfolio in Colombia increased ninefold, thanks to active collaboration with the Bank and the IFC. Since FY16, MIGA has signed five new non-honoring of financial obligations guarantees in financial, infrastructure and health services sectors. At the start of the CPF period, MIGA’s exposure to Colombia stood at US\$ 97.2 million, across two financial sector transactions; by the end of FY22, MIGA’s exposure had grown to US\$ 952.8 million across five projects. These projects support access to finance to MSMEs, including WSMEs, sustainable port infrastructure, quality healthcare services in Bogota, and climate finance infrastructure.

68. WB and IFC collaboration helped to bring a comprehensive set of technical assistance, financing, and convening tools to promote gender-based financial inclusion. With one of the largest FinTech hubs in LAC, the financial sector in Colombia is uniquely positioned to take advantage of digital transformation to improve access for women. IFC and the World Bank co-led the Competitiveness and Recovery DPF and co-designed and sponsored the gender module within the Annual SME Survey that focuses on characterizing women participation in entrepreneurship in Colombia. IFC also published “Her Home”, a report on housing finance for women that includes a market study for Colombia.

69. Continuous coordination and collaboration with development partners was further strengthened. The WBG, Inter-American Development Bank (IDB), Development Bank of Latin America (CAF in Spanish), United Nations (UN), and some bilateral donors are jointly coordinating to facilitate selectivity and complementarity of support among partners. For example, the Bank and IDB have jointly supported firm surveys and high-frequency data analysis, which have then been shared with other partners to avoid duplication. In consultations among various development stakeholders and with the Government, Colombia’s development bank Bancoldex has accessed mutually complementary support from MIGA, the IDB, and CAF. The Bank has continued its close collaboration with partners in ongoing and new projects, including co-financing or parallel investments for: (i) Metro Bogotá (World Bank, IDB, European Investment Bank (EIB)); (ii) Plan Pazcifico and Multipurpose Cadaster projects (World Bank, IDB); (ii) DPLs (e.g. Agence Française de Développement (AFD) for FY20 Territorial Development DPL); (iii) projects in

environment/climate change (Germany, UK); (iv) grant financing for support on migration (e.g., Canada, GCFF, GPG). IDB's US\$300 million policy financing operation to support the reforms for socio-economic inclusion of Venezuelan migrants in Colombia, incorporates policy content that has been developed together with the Bank's Social and Economic Inclusion of Migrants DPF.

IV. ALIGNMENT WITH CORPORATE GOALS

a. Contributions to the medium-to-long term vision

70. The WBG Program is fully aligned with the eradication of extreme poverty and the increase of shared prosperity through targeted WBG interventions engrained in this CPF. These interventions have significantly contributed to the achievement of the two twin goals. The CPF objectives across three pillars aimed to foster balanced territorial development, enhance social inclusion and mobility through improved service delivery and support fiscal sustainability and productivity. The support for peace building was a crosscutting theme, which also addresses the previous key development challenges of the SCD. The flexible and selective framework of support ensured progress towards these objectives and, consequently, the corporate goals. However, there are still key challenges that need to be addressed, particularly in pandemic recovery and long-term development, closing gender gaps, and advancing the climate agenda.

71. Moreover, through close collaboration among project teams, the promotion of corporate commitments has resulted in the gradual inclusion of citizen engagement, gender, and climate dimensions into operations starting preparation stage. This effort has resulted in using citizen-oriented design in operations and achieving close to full compliance with beneficiary feedback indicators for all active portfolio. For pivotal infrastructure projects, such as the Plan Pazcifico Water and Sanitation Infrastructure project, implemented in a fragile environment, project design considers community participation with third-party monitoring to ensure that bidding processes consider key risks (including security), and that these processes are competitive, inclusive, and transparent. Building on the experience learned from the previous strategy, a more systematic approach has been followed over the last years to incorporate gender issues, from gender gap analysis to gender-based indicators, into project implementation from the early stages, with coordinated efforts – Task Teams/Regional Focal Point – to ensure gender tagging. To complement all-around compliance with corporate commitments, the mix of DPF-IPF lending aimed at incorporating and maintaining adequate levels of climate change co-benefits throughout the CPF period. A full assessment of a mix of DPF, IPF, and Guarantee approvals with significant climate-oriented components, particularly for large DPF operations, helped accomplish climate co-benefits estimate just above thirty percent (on average) during the CPF period.

72. The WBG ventured into critical sectors that had been long-unexplored, using pioneer instruments. As a pioneer instrument in the portfolio, and as mentioned, the health PForR has become a success story in implementation. The instrument was selected as the government had a coherent program, and it provided an opportunity for relatively small external financing to leverage larger systemic changes based on the achievement of results. The operation supported the twin goals by assisting Colombia to accelerate progress towards the achievement of Universal Health Coverage (UHC), reflecting alignment with the Sustainable Development Goals (SDGs), which emphasize the importance of achieving UHC and financial protection.

73. The WBG made strategic and pragmatic choices at the end of the CPF period to help contain setbacks in poverty reduction and contribute to reducing inequality. In response to the pandemic emergency, both

the COVID-19 Emergency Response along with the Resilient and Sustainable Infrastructure for Recovery DPF series contributed to the goal of eliminating extreme poverty. This was accomplished by providing concessional liquidity in the form of additional resources from the GCF for utilities and providers of electricity, water, and transport services to secure critical infrastructure for the poor and vulnerable. The actions outlined in these operations are also expected to contribute to both goals by enabling investment in critical productive, connectivity and social infrastructure that will directly impact economic growth, job creation, and poverty reduction in the recovery phase from COVID.

74. Key adjustments were adopted by IFC and MIGA to respond to the COVID-19 crisis contributing to the achievement of the Bank's goals and the Forward Look¹⁹. IFC's response has been primarily aligned with the Relief, Restructuring and Resilient Recovery stage of the pandemic crisis Approach Paper. IFC met the relief needs of two discount retailers essential to food provision and employment, providing one with a follow-on equity commitment of \$15.2 million and the second with approval of a \$95 million working capital loan. In response to the public health crisis, IFC advanced negotiations with three municipalities on mandates for a total of \$230 million financing to support the impact on health and transport infrastructure. In addition to \$150 million committed to Financial Institutions (FIs) for SME financing since the start of the crisis, IFC's advisory has contributed to protecting the poor and vulnerable by engaging financial institutions to improve service to SME clients impacted by COVID-19. As the extent of the economic impact became clearer, IFC continued financing resilient firms. In particular, the IFC looked for impacted sectors seeking to help protect the poor and vulnerable by supporting macro-finance institutions (MFI) resilience. As part of MIGA's Covid-19 Response Program²⁰, MIGA supported three projects in the amount of \$1,124 million mostly aligned with Pillar 1 of Saving lives in the relief and resilient recovery stages and with Pillar 3 of ensuring sustainable business growth and job creation on the restructuring and resilient recovery stages of the WBG Approach Paper. During the early stages of the COVID-19 crisis, MIGA's focus shifted towards shorter term investments to provide working capital and liquidity support for sectors most severely impacted by the pandemic. MIGA has also mobilized a COP 1,000 billion financing from BBVA to Distrito de Bogotá to cover (past and upcoming) healthcare expenses related to the COVID-19 pandemic.

IV. LESSONS LEARNED

75. The first lesson relates to the need to significantly improve operational readiness of new Bank-supported programs. The previous CPF cycle experienced over a dozen restructurings in Bank operations. This led to substantial delays in project effectiveness and, in several cases, extensions of closing dates. Improving operational readiness for implementation will require renewed attention, under the new CPF. It will thereby be important to ensure: (i) full alignment amongst government counterpart institutions at project formulation, (ii) a choice of financing instrument that is consistent with fiscal constraints and the country's legal framework²¹, (iii) fiduciary arrangements based on diligent market analysis to limit potential delays caused by complex procurement processes, and (iv) benefiting from the experience gained during the pandemic in supporting implementation remotely when needed, to respond to potential security threats and social discontent in project areas. Beyond these factors, and worth exploring for the next CPF, is a more in-depth analysis of plausible underlying aspects regarding the actual state of 'implementation

¹⁹ [Forward Look Report: A vision for the World Bank Group in 2030, progress and challenges](#) (Select and right click-Open hyperlink)

²⁰ MIGA's global COVID-19 fast-track response focuses on: (i) Procurement of urgent COVID-19 medical supplies; (ii) Countering adverse economic impacts through credit enhancements/capital optimizations; (iii) Complementing IFC trade finance.

²¹ This was the case of the Northern Colombia Sustainable Value Chains Project, cancelled unilaterally by the Ministry of Environment when unable to combine the GEF requirements for projects under the FOLUR21 program with its own priorities.

maturity' of projects at approval stage as contributing features that lead to subsequent delays and bottlenecks.

76. The second lesson shows that programs at subnational level need to be tailored to capacity limitations and social and political circumstances specific to project areas and require effective institutional arrangements between different levels of government. Building strong local ownership of program objectives and implementation structures is particularly important in this context, as revealed by lessons learned in the *Plan Todos Somos Pazcifico* projects. Close involvement of local political leadership, such as mayors or leaders of traditional communities has proven to be critical for effective design and implementation of operations. This is reinforced by the frequent staffing changes in ministries and implementation units. In line with the emphasis on territorial development in the new NDP, the Bank strives to expand its engagement at the subnational level, notably with municipalities to help address the needs of lagging and conflict-affected regions. From a portfolio performance perspective, Bank projects operating at the subnational level have recorded the longest delays between Board approval and first disbursements. Similarly, IFC municipal finance projects also have required relatively larger efforts for supervision and capacity building. Experience points to the positive performance effect of building implementation capacity with national and local counterparts on issues such as technical and financial project aspects or Bank and government procedures during project preparation and implementation phases.

77. The third lesson highlights the fact that the composition of the portfolio is primarily dictated by the country's evolving macroeconomic context and demand for the Bank's financial and advisory services. Looking ahead, overall government demand for Bank services, linked to priorities established in the NDP, ought to be the main drive to establish the "ideal" instrument mix which should be perceived essentially as an outcome.

78. The fourth lesson relates to the design of CPF objectives and underscores the importance of a pertinent choice of indicators for the results matrix. Several objectives were multidimensional in nature and had multidimensional indicators which were difficult to track after a while and evolved over time due to shifts in the scope of the task to which these were associated. In several cases indicators originated from operations that eventually faced significant implementation delays. The country team could have used the PLR to make further adjustments to some indicators and targets in the results framework. In cases in which adjustments to indicators were made, the revisions at PLR resulted in increases that were overly optimistic, and this led to targets not being met. For the formulation of the next CPF it will be important to make a judicious choice of indicators for each of the strategic objectives.

79. The fifth lesson calls for continuing the deployment of ASA for impact on adding value to the national dialogue on key development priorities and better design and more effective implementation of WBG programs. During the past CPF period the WBG prepared several influential flagship reports that were effective in supporting policy formulation and facilitated a substantial dialogue with government counterparts. The ASA program was ambitious and broad in its coverage and received substantial funding from donor trust funds. Many ASA activities had a programmatic and multi-sector orientation and were implemented in close collaboration with the client. In many cases, they informed the design of subsequent lending operations. Noteworthy example is the Equity Flagship report, which identified key policy actions which were subsequently included in the policy matrix of the Competitiveness and Recovery DPF in FY22.

The WBG Country Private Sector Diagnostic²² contains recommendations on strengthening policies and institutions in support of private sector development. Going forward, one important area of focus will be to identify solutions to ensure even higher impact of development programs – incorporating those supported by the WBG – in remote and post-conflict areas. This includes coordinated efforts for effective and influential outreach and dissemination of the core ASA deliveries.

80. The sixth lesson shows how IFC’s focus on innovation has helped increase impact in areas like access to finance and develop business in new sectors and across the region. The IFC was able to increase its impact on improving financial intermediation by developing innovative financial products and services such as those tailored to needs of Venezuelan migrants, financial cooperatives and, of women. Using innovative credit enhancement and risk sharing products, IFC reduced risk for investors. The experience with D4TEP, the deployment of the employability and of the healthcare services quality tools are example of how in-depth understanding of how markets work and of the main local stakeholders in sectors such as education and health, can lead to positive demonstration effects. Leveraging advisory for business development has been fundamental to maintain IFC’s presence in sectors like climate finance, livestock, and healthcare where IFC has helped firms adopt international best practices and expand the portfolio in others as, for example, in sustainable construction via EDGE certification. Having dedicated teams who implement best international practices, enhance IFC’s ability to innovate and grow its program, starting with Colombia.

81. The seventh lesson relates to the implementation of IFC’s PPP projects which can be used in the next CPF. Expected results were not achieved due to changes in the initial scope of the schools’ project, shifts in government priorities due to the pandemic, weak public sector commitment to move the project forward, and the national election cycle which also affected its execution. The lessons from these factors that slow down and affect this type of projects have already been key to improve PPP schools projects in neighboring countries such as the Peru Schools Private Initiatives (Projects 605653, 606379, 606380, 606381).

82. The eighth lesson reflects the positive impact of applying a One WBG approach through joint financing, analytical and technical assistance initiatives. A strong collaboration on upstream activities with the Bank program has allowed IFC to proactively engage and inform sector policy dialogue on the private sector development agenda with market intelligence and understanding of constraints. For instance, Bank and IFC teams joined forces in the analysis of the enabling environment needed to increase private participation in Mass Transport Services (MTS) with the objective of enhancing electric mobility and improving financial sustainability. The adoption of a green taxonomy for private and public finance is another positive result of closely aligned advisory and technical assistance by the IFC and Bank, engaging with regulators, and the private financial sector. Deepening this collaboration and exploring opportunities for coordinated approaches on financial support, in areas such as financial inclusion, climate finance and rural development agendas is an important task for the WBG in the next CPF cycle.

²² The CPSD identified challenges and near-term opportunities for private sector engagement in different sectors (agriculture, bioeconomy, and adventure tourism).

Annex 1. Status of the CPF Results Matrix, Colombia FY16-21

Description	Overall Rating	Objective/Indicator Rating
Pillar 1. FOSTERING BALANCED TERRITORIAL DEVELOPMENT	Satisfactory	
Objective 1: Strengthened Public Management Capacity to Support Territorial Development	Mostly Achieved	
Indicator (a) Percentage of beneficiary municipalities with updated long-term planning instruments ²³		Partially Achieved
Indicator (b) Review of the current institutional frameworks and evaluation of potential reforms for post-conflict		Achieved
Indicator (c) Framework for implementation of collective reparation projects validated and adopted by the Victims Unit		Achieved
Objective 2. Enhanced Capacity for Natural Resource Management in Target Regions	Mostly Achieved	
Indicator (a) Area newly brought under environmentally friendly cattle ranching production (silvopastoral livestock) systems		Achieved
Indicator (b) Areas of environmental significance brought under protection measures in target areas of the Amazon region		Partially Achieved
Indicator (c) An integrated water management plan for the Rio Bogotá basin elaborated and under implementation		Achieved
Pillar 2. ENHANCING SOCIAL INCLUSION AND MOBILITY THROUGH IMPROVED SERVICE DELIVERY	Moderately Unsatisfactory	
Objective 3. Improved Access to and Quality of Service Delivery in Target Areas	Partially Achieved	
Indicator (a) People provided with access to improved water sources under the Plan Pazcifico project, of which 50% women		Not Achieved
Indicator (b) IFC: People who have received essential health, nutrition, and population services		Not Achieved
Indicator (c) Increase in number of Venezuelan migrants on the RAMV (Registro Administrativo de Venezolanos) that have been issued with a PEP (Permiso Especial de Permanencia)		Achieved
Objective 4. Improved Access to and Quality of Education	Mostly Achieved	
Indicator (a.1.) Percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) and (a.2.) % of women benefiting from ACCESS loans		Achieved
Indicator (b) Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions		Achieved
Indicator (c) Number of children with access to improved education through IFC PPP		Not Achieved
Pillar 3: SUPPORTING FISCAL SUSTAINABILITY AND PRODUCTIVITY	Moderately Satisfactory	
Objective 5. Improved Fiscal Management in Support of Fiscal Consolidation	Achieved	
Indicator (a) Increase in non-oil central government tax revenue, excluding the equity tax and surcharge CREE		Achieved

²³ The previous indicator referred to number of "Beneficiary municipalities with updated long-term planning instruments". A project restructuring took place in February 2020 that modified the indicator to measure the percentage of beneficiary municipalities with updated long-term planning instruments. The indicator will not achieve 100 percent (as intended) but close at 69 percent.

Description	Overall Rating	Objective/Indicator Rating
Indicator (b) Post-Conflict expenditures accommodated under the Medium-Term Fiscal Framework		Achieved
Objective 6. Improved Business Environment and Innovation to Boost Productivity	Achieved (proposed upgrade)	
Indicator (a) National competition policy that addressed both trade barriers and non-tradeable sectors designed and under implementation		Not Verified
Indicator (b) IFC: Number of firms benefitting from improved tax administration		Achieved
Objective 7. Deepened Financial Intermediation for Productive Purposes	Mostly Achieved	
Indicator (a) IFC: tCO2e per year reduction in GHG emissions from IFC projects		Achieved
Indicator (b) IFC: Increase in FDN outstanding portfolio (US\$) financing infrastructure		Partially Achieved
Indicator (c) IFC: Amount of financing allocated to the 4G concessions program by credit institutions		Achieved
Objective 8. Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities	Partially Achieved	
Indicator (a) Additional population benefitting from improved transportation services in medium-sized cities		Not Verified
Indicator (b) 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)		Partially Achieved
Indicator (c) IFC: Number of beneficiaries of IFC subnational finance projects		Partially Achieved

Annex 2. CPF Results Matrix Evaluation, Colombia FY16-21

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
PILLAR 1. FOSTERING BALANCED TERRITORIAL DEVELOPMENT [SATISFACTORY]				
<p>OBJECTIVE 1</p> <p>Strengthened Public Management Capacity to Support Territorial Development</p> <p>Rating:</p> <p>Mostly Achieved</p>	<p>(a) Beneficiary municipalities with updated long-term planning instruments¹</p> <p><u>Baseline 2019</u>: A new methodology for Land Use Plans has been developed</p> <p><u>Target 2021</u>: 50² Territorial Land Use Plans formulated according to the new methodology</p> <p>Actual: 27 (Oct 2022)³</p> <p>Source: ISR P123879 Sequence 18-Oct 2022</p>	<p>Partially Achieved</p> <p>27 Territorial Land Use Plans (POTs for its acronym in Spanish) have been formulated and delivered to beneficiary municipalities. This indicator is expected to remain unchanged. The contracts with the regional operators have been closed and no additional POTs will be formulated as part of the project. As compensation measure, the DNP is providing TA to complete the deliverables.</p> <p>The Territorial Land Use Plans (POTs) strengthened municipal governments capacity by updating key cartography and providing insights for strategic planning that considers diverse aspects such as ecosystems, population and accessibility among others. These insights enhance the municipal capacity to define the best land use, for both rural and urban spaces, and identify related public investment projects required. The POT were formulated by regional operators based on a new</p>	<p>Long-standing engagement with the National Planning Department has been key to support the central government’s efforts to strengthen their capacity in a systematic and strategic way.</p> <p>The Bank’s involvement through the Project has facilitated the interaction between the national and the subnational levels of government.</p> <p>Future interventions at the subnational level can build on the experience of the Subnational Institutional Strengthening Project (P123879). The implementation approach through regional operators (i) provided key lessons for the hands-on WBG engagement to strengthen local governments; and (ii) and helped develop local capacities by establishing an ecosystem of service providers at the local level.</p>	<p>Ongoing Financing (incl. IFC investments)</p> <ul style="list-style-type: none"> ▪ Subnational Institutional Strengthening Project (P123879) <p>Closed during CPF Period</p> <p>Financing</p> <ul style="list-style-type: none"> ▪ Collective Reparation for Victims through Social Reconstruction Project (P148552) ▪ Support to Improve the Government of Colombia preparedness to implement peace agreement

¹ The former indicator made reference to number of “Beneficiary municipalities with updated long-term planning instruments”. A project restructuring took place in February 2020 that modified the indicator to measure the percentage of beneficiary municipalities with updated long-term planning instruments.

² This value reflects the target of the indicator at PLR stage. However, this target was revised to 39 municipalities in a project restructuring (2020) which also change the indicator from absolute to percentage terms.

³ Note of clarification: some evidence references/sources are dated past June 30, 2021, only because at time of writing (2022, 2023), those were the years of the available sources. However, the targets themselves were reached before June 30, 2021.

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
		<p>methodology which was also supported by the project. The methodology also served as a basis for a POT toolkit nested in DNP's Territorial Portal, which currently provides guidance to all municipalities on how to update and formulate their POTs</p> <p>Note: POT is a technical planning instrument for territorial management. It includes a set of actions and policies to guide the development of the municipal territory in the short, medium and long term.</p>		<p>commitments (P149775)</p> <p>ASA</p> <ul style="list-style-type: none"> ▪ Colombia Mobile Victims Unit IE (P152287) ▪ Enhancing the Right of Access to Information by Victims of the Armed Conflict in Colombia (P165851) ▪ Support to Improve the Government of Colombia Preparedness to Implement Peace Agreement Commitments (P149775)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>(b) Review of the current institutional frameworks and evaluation of potential reforms for post-conflict</p> <p><u>Baseline 2015</u>: no evaluation</p> <p><u>Target 2018</u>: at least two recommendations are provided</p> <p>Actual: More than 2 recommendations have been provided</p> <p>Source:</p> <p>Preparation and documentation of a Peace Lens: Guide to the application of a Peace Lens (P162027)</p> <p>(Select and right click-Open Hyperlink)</p>	<p>Achieved – at PLR stage (04/19)</p> <p>Select recommendations on potential reforms included (i) the development of a framework for understanding key aspects of the peacebuilding 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.</p> <p>This intervention is relevant to the pillar because territorial development is a key dimension in a post-conflict scenario in specific aspects such as distorted land property rights in large areas, the update of property tax values, the facilitation of efforts to formalize land titles through the land registry, and these are all key components of the peace agreement.</p>	<p>Previous experiences in Colombia with alternative mechanisms for the flow of funds and procurement procedures in several former WB projects can be replicated to increase the scale and timely delivery of goods and services for programs such as the Collective Reparation Program. These sorts of mechanisms can result in a significant reduction of time in procurement processes, as well as greater efficiency and lower costs due to economies of scale and easier management.</p> <p>Interventions such as the Collective Reparation for Victims through Social Reconstruction project provide the Bank with the opportunity to share and disseminate this knowledge and good practices in other fragile and conflict-affected countries. In fact, beyond the financing, it is also noteworthy that actions undertaken as part of this project ensured that the Bank listened and accompanied the reparation program’s beneficiaries, many of whom had experienced considerable suffering and some of whom continue to do so. This action alone was highly valued by project beneficiaries.</p> <p>The framework and methodologies established together represent an enormous contribution to the field of victims’ reparation. However, for a new CPF, if a focus on victims’ reparation is to be considered, a completely different initiative and beneficiary group is suggested.</p>	

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>(c) Framework for implementation of collective reparation projects validated and adopted by the Victims Unit (VU)</p> <p><u>Baseline 2015</u>: no framework</p> <p><u>Target 2018</u>: validated and implemented</p> <p>Actual: Framework finalized, validated and adopted by the Victim's Unit</p> <p>Source: ICR 00004656 March 2020 (P148552)</p>	<p>Achieved – at PLR stage (04/19)</p> <p>The framework was finalized, validated and adopted by the VU in December 2017. The framework was adopted through an administrative directive that standardizes the procedures and legally links the agency with the fulfillment of the commitments towards the CRSs.</p> <p>The improved framework contains clear definitions, parameters, and guidance for operationalizing the attributes of Collective Reparation Subjects (CRSs).</p> <p>At the territorial level, this is very relevant as it provides a clear framework and a methodology for the implementation of the reparation path for the reparation of the 746 ethnic and non-ethnic identified subjects, registered by the VU country wide.</p> <p>Note: The Unit for the Victims, Assistance and Reparation is a Colombian institution created in Jan. /12, by Law 1448/11, also known as the Victims and Land Restitution Law. This law establishes measures to assist and repair the damage the conflict has inflicted on people around the country.</p>	<p>Derived from this achievement, the Bank learned that the success of subject-based collective reparation demands a flexible implementation strategy. To achieve such a strategy, an institutional arrangement is required that guarantees efficient decision making and flexibility of schedules as well as access to financial resources. In effect, the application of the Collective Reparation process made up of six stages – identification, readiness, diagnostics or characterization of damages, formulation of the comprehensive collective reparation plan, implementation, and closing – demands constant communication between all staff members of the implementing agency the other entities involved. These interactions also constitute time invested in trust-building activities, which are fundamental for a project that aims to reconstruct a country's social fabric.</p> <p>There are considerable differences in community engagement approaches and challenges based on different ethnic and non-ethnic collective subjects: indigenous people, afro-descendants, Roma, peasants, labor unions and a variety of movements and groups which should be considered for potential similar engagements.</p> <p>An important lesson is that fiscal implications of these type of responses should be carefully examined in anticipation of implementation. In this sense, it's important to consider that the COMPES reparation program and its financial foundations were based on several parameters that included Colombia's annual growth rate of approximately 14 percent, and oil valued at around USD 150 per barrel. When the program came under implementation, none of these assumptions was</p>	

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
			accurate, creating a fiscal burden that the country was not able to absorb and therefore the reparation of victims and implementation of the victim's law was unrealistic and underfunded.	
Additional evidence:	<p>The Subnational Institutional Strengthening Project has been instrumental to spearhead the implementation of new tools such as the methodologies for territorial land use plans and multipurpose cadasters, which have been scaled up by other Bank and government programs. Likewise, the project promotes the establishment of a local ecosystem of service providers to ensure sustainability of the interventions. Although the contracts with the regional operators for Land Use Plans (POT) formulation have been closed and no new POTs will be prepared as part of the project, the regional operators approach sought to establish an ecosystem of service providers and develop local capacities. This approach and the lessons learned have been successfully replicated for the implementation of the Territorial Management Model (TMM). Currently, over 90 percent of municipal governments in the country have used the planning module of the TMM to formulate their territorial development plans (TDP), and the monitoring module to follow up and assess progress in the implementation of their TPDs. The DNP is working on developing an interoperability framework between national and local authorities. The Project is scheduled to close in September 2023. However, the DNP is planning to request an extension of the closing date by six months to complete the implementation of the TMM in 180 additional municipalities. The government has also expressed interest in a new operation to continue and deepen the support provided to subnational governments.</p>			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
<p>OBJECTIVE 2:</p> <p>Enhanced Capacity for Natural Resource Management in Target Regions</p> <p>Rating:</p> <p>Mostly Achieved</p>	<p>(a) Area newly brought under environmentally friendly cattle ranching production (silvopastoral livestock) systems</p> <p><u>Baseline 2015:</u> 25,000 ha</p> <p><u>Target 2020:</u> 63,000 ha</p> <p><u>Actual:</u> 100,522 (January 2020)</p> <p>Report Number: ICRR0022456</p> <p>Source: August 2020 ICR-00005139 (P104687)</p>	<p>Achieved – at PLR stage (04/19)</p> <p>The project designed a land-use monitoring system which helped evaluate land use at the farm level attributable to project interventions, and which was also a tool to calculate payments to farmers based on the number of points assigned to each land use type. A manual included the 9 land use types and 21 sub-types defined by the project, as well as points assigned to each of them. To monitor land use, the project implemented two methodologies: (a) full geo-referencing (FULL) and a self-reporting methodology (AUTO). FULL consisted of geo-referencing properties and land uses capturing the information directly in the field from spatial analysis elements such as polygons and polylines; (b) the AUTO was based on a survey conducted by Fedegan extension agents, who together with the ranchers prepared an illustration (sketch) of the land uses found, indicating the area (hectares) and lengths (meters) of the production arrangements</p>	<p>The integrated monitoring approach was fundamental for providing sound information to structure a clear business case for ranchers and other private and public actors on the socioeconomic and environmental benefits associated with the different land uses promoted by the project. It also contributed to the high visibility of the project nationwide. It is advised that future projects of this type incorporate integrated monitoring as best practice.</p>	<p>Ongoing Financing (incl. IFC investments)</p> <ul style="list-style-type: none"> ▪ Mainstreaming Sustainable Cattle Ranching (P104687) (GEF) plus AF ▪ Forest Conservation and Sustainability in the Heart of the Colombian Amazon GEF (P144271) and AF (P158003) ▪ Rio Bogota Environmental Recuperation and Flood Control (P111479)

	<p>(b) Areas of environmental significance brought under protection measures in target areas of the Amazon region</p> <p><u>Baseline 2014:</u> 0</p> <p><u>Target 2021:</u> 4,200,000</p> <p>Actual: 3,104,945 ha (October 2022)</p> <p>Source: ISR Sequence 16 October 2022 (P144271-)</p> <p>AF2 P171227-Closing November 2024)</p>	<p>Partially Achieved - at PLR stage (04/19)</p> <p>(Note: Initial target: 1,300,000ha)</p> <p>The value for this indicator reached its end target with the two expansions of the Chiribiquete National Park (PNNSCH), the limit adjustments (per cartographic precision) for the National Forest Protector Reserve La Lindosa – Angostura II, and the declaration of the Natural Regional Park Miraflores-Picachos.</p> <p>*The Target had been revised at PLR:</p> <p>Target was revised upward at that point, thanks to a significant expansion of the Chiribiquete National Park (PNNSCH), and the creation of a regional protected area (PA), causing an increase in new/expanded areas under protection measures. The target for 2021 was set up based on the actual accomplishments considering interventions under the AF2 will not support declaration of new areas. Instead, the project will continue enhancing management effectiveness for the PAs supported with AF1 plus additional ones such as Macarena, Tinigua and Picachos that strategically connect the Amazon biome with the Andes.</p> <p>This indicator contributes to the objective of the project because creating protected areas helps in the conservation of critical ecosystems, reduces deforestation risks and, being processes that are achieved in a participatory manner, strengthens the institutional capacity to manage and preserve natural resources</p>	<p>Adopting the parent project’s lessons learned (P144271), successful and innovative experiences, and capacity can increase the ability to achieve objectives in these types of projects. Strengthening the participation of local leaders in project activities including involvement in community monitoring fosters progress in implementation even in substantial risk contexts. The project builds on a long-term commitment from government institutions to the conservation of the Amazon protected areas and has set up institutional arrangements that involve such institutions as key executing partners. The learnings derived from good practices can be shared at local, sub-national and national levels and with peers from other Amazon Sustainable Landscapes (ASL) projects in neighboring countries. Project information can be derived from and feed into existing knowledge systems such as the Territorial Environmental Information System of the Colombian Amazon coordinated by SINCHI (SIAT-AC by its Spanish acronym) and IDEAM’s Forest and Carbon Monitoring System (SMBYC)</p> <p>Post-CPF period: There is likelihood that the actual indicator might increase as with AF1 resources, there has been progress towards the creation of the Bajo Guayabero-Guaviare Conservation District (regional PA). Despite the conflict in the region, engagement with representatives of the villages in the area of intervention, has resulted in the design of a work plan and communication strategy as part of the roadmap towards the PA declaration. Risk prevention strategies have also been promoted with multiple authorities with relevance for the area.</p>	
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CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>(c) An integrated water management plan for the Rio Bogota basin elaborated and under implementation</p> <p><u>Baseline 2015</u>: 0</p> <p><u>Target 2019</u>: plan under implementation</p> <p><u>Actual</u>: Plan completed and under implementation</p> <p>Source: ISR Sequence 23 June 2022 (P111479)</p>	<p>Achieved – at PLR stage</p> <p>Plan under implementation since December 2017.</p> <p>The Integrated River Basin Management Plan was completed including the hydrological modeling platform developed under the plan, which is currently used as a decision-making tool by the Rio Bogotá River Basin Committee.</p> <p>Capacity was enhanced as previously there was no planning and information system in CAR and now the agency counts on this tool and the knowledge to use it. In this process CAR acquired the necessary skills for planning and for the use of the planning and information platform.</p>	<p>Sustainability of integrated information systems: Throughout the different project stages (conceptualization, design and rollout of the plan and platform) it's fundamental to involve all the institutions that will provide data inputs and benefit from the information generated through the integrated system. Furthermore, the use of open-source code provides needed flexibility to adapt to emerging priorities and implement required updates to the platform. Finally, it's important to have on board staff with the right qualifications in terms of planning mathematical programming. The project team suggests this platform is expanded to water quality monitoring and control and covers the lower basin to monitor impacts of the planned Canoas WWTP.</p>	

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
Additional evidence:	<p>Forest Conservation and Sustainability in the Heart of the Colombian Amazon GEF (P144271) and AF (P158003)</p> <p>The overall project’s goal to improve governance and promote sustainable land use activities in order to reduce deforestation and conserve biodiversity in the Project area, is on track to be accomplished, being fully aligned with the national government’s strategy to halt deforestation and build peace. Improving governance has been achieved by the project’s very own institutional arrangement structure that allows public entities from the National Environmental System (SINA) with competence in the Amazon to collaboratively adopt, plan and implement the project in partnership with civil society organizations. A long-standing commitment to this structure since 2015, has strengthened trust from communities living in vulnerable, remote areas, towards public institutions. The participatory design and implementation of integrated management plans at various scales and landscapes, and the support to increase stakeholder capacities in sustainable resource management has improved community and institutional governance.</p> <p>It is still worth noting that, considering only the project’s area of intervention that corresponds to almost a third of the total Colombian Amazon region, the deforestation that occurred in this area only represents 15% of the total region’s deforestation for 2021. Deforestation levels in 2018 in the project’s area of intervention was reduced by 13%, significantly more than in the whole of the Colombian Amazon where it was reduced by 4%.</p> <p>Large, long-standing, emblematic investment engagements in the water-infrastructure sector have elevated natural resource management capacity while complying with environmental and social standards. Despite paramount challenges that include five project restructurings, safeguards concerns and abiding procurement controversies, all during the CPF period, the Rio Bogotá Environmental Recuperation and Flood Control project (P111479) has fully disbursed its resources to, among other purposes, support the elaboration of an integrated water management plan (absent prior to Bank support) for Bogotá’s main river which is in use since 2017. Remarkable turnaround throughout project implementation time, which wraps just over a decade, have led to the facilitation of fruitful SSKs to showcase the operation, such as the visit of Ethiopian water utilities officials early 2020 to learn about best practices in water treatment plant management and the generation of multi-functional areas along the river. The operation’s main lessons, both enlightening and somber, have been displayed in the Bank’s Regional Results Stories as worth documenting: When a Problem Project Turns into a Positive Story (right click to open).</p> <p>Regarding indicator (a), there have been revision made to its definition over time. Initially, the indicator outlined in the <u>PAD</u> of project P104687 was: “50,500 ha. of environment-friendly cattle ranching production systems implemented in 5 Project areas”. The baseline for this indicator was set at 0, with a target of 50,500 ha. However, during the <u>restructuring process in 2017</u> (see page 8, Changes in PDO level indicator), this indicator underwent a redefinition. It was restated as “Area under environment-friendly cattle ranching production systems implemented in Project area”. The revised baseline was adjusted to 15,000 ha, and the target was raised to 84,000 ha. In order to determine the area newly brought under environmentally friendly cattle ranching production systems, it is necessary to calculate the difference between the observed value (100,522 hectares) and the baseline value (15,000 hectares). This results in an overall increase of 85,522 hectares. The data supporting this calculation is derived from the same source as before, which provides both the baseline and observed values required for calculating the new area in hectares.</p>			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
PILLAR 2: ENHANCING SOCIAL INCLUSION AND MOBILITY THROUGH IMPROVED SERVICE DELIVERY [MODERATELY UNSATISFACTORY]				
OBJECTIVE 3: Improved Access to and Quality of Service Delivery in Target Areas Rating: Partially achieved	(a) People provided with access to improved water sources under the <i>Plan Pazcifico</i> project, of which 50% women <u>Baseline 2015:</u> 0 <u>Target 2021:</u> 50,000 * of which 50% women Actual: 0 <u>Source:</u> ISR Sequence 10 June 2021 (P156239) (Closing November 2024)	Not achieved No changes in the indicator yet. A project restructuring that includes a 23-month extension (approved September 2022), will allow the achievement of this indicator and the project's PDO. *Target was revised downward at PLR stage (Initial: 200,000). Note: In 2015, the GoC developed the ca. US\$1.1 billion “Plan Todos Somos PAZcifico (PTSP)” to improve public service provision in regions that have been particularly affected by violence and identified the Pacific region for priority attention as it demonstrates the greatest economic inequality and intra-regional (Pacific coast vs Andean Pacific) gaps in the country. The PTSP envisages interventions to increase and improve water supply and basic sanitation (WSBS) service and improve connectivity with a waterway system.	(i) Some of the problems that the project has faced are related to a fast-track project preparation (Indigenous Populations Safeguard was not triggered), but also the assumption that designs for several subprojects were ready or about to be ready, (in reality they were really stalled); (ii) times to staff implementing units in these types of projects can take longer than expected both in headquarters and in the field; (iii) security challenges in the project area have been escalating and this has impeded a more active supervision including the procurement of studies and works with companies refraining from competing in bidding processes. These types of projects demand the proactive and collective reaction from both institutions involved as well as the Bank to create options to give the project more visibility at higher levels of government to expedite processes that can accelerate implementation.	Ongoing Financing (incl. IFC investments) <ul style="list-style-type: none"> ▪ Plan Pazcifico: Water Supply and Basic Sanitation Infrastructure and Service Delivery Project (P156239) ▪ Social and Economic Int. of Migrants DPF (P176505) ▪ IFC: Fundación Cardiovascular Hospital, Bucaramanga (IFC 30454) ▪ IFC: Serena del Mar Hospital Infrastructure (IFC 31477)
	(b) IFC: People who have received essential health, nutrition, and population services <u>Baseline 2015:</u> 0. <u>Target 2021:</u> 198,000*	Not achieved IFC projects Fundación Cardiovascular Hospital, Bucaramanga (IFC 30454) and Serena del Mar Hospital Infrastructure (IFC 31477) entered Special Operations and did not report people reached amid exit negotiations. For Fundación Cardiovascular project, the construction of the greenfield		Ongoing ASA (incl. joint WB-IFC) <ul style="list-style-type: none"> ▪ Responding to the Venezuelan Migration Crisis in Colombia (P170117) ▪ Colombia Living Conditions of Host

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p><u>Actual: 138,752</u></p> <p><u>Source:</u> Client reporting in DOTS</p>	<p>hospital outside of Bucaramanga was delayed and conditions for a second disbursement of the loan were not met. For Serena del Mar, the sponsor addressed cost overruns but construction delays led to insufficient operational scale to service patients at the target level during the CPF period.</p> <p>*The initial target (76,000) 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.</p>		<p>and Migrant (P171101)</p> <ul style="list-style-type: none"> ▪ Developing Sustainable Policies to Adapt Colombia's Health System to Meet Health Needs of Migrants (P174254) <p><u>Closed during CPF Period</u></p>
	<p>(c) Increase in number of Venezuelan migrants on the RAMV (<i>Registro Administrativo de Venezolanos</i>) that have been issued with a PEP (<i>Permiso Especial de Permanencia</i>)</p> <p><u>Baseline 2015:</u> 0</p> <p><u>Target 2020:</u> 280,000 of which 125,000 women</p> <p><u>Actual:</u> 281,596 of which 139,586 (49.56%) women (Nov. 2021)</p>	<p>Achieved</p> <p>New Indicator incorporated at PLR stage 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.</p> <p>In the second operation, PAs supported the framework policy under CONPES No. 3950 towards the social and economic integration of migrants and the issuance of the temporary registration status (PEP – Special Permanence Permit). Both PAs addressed the provision of social services</p>	<p>The third PDO of the second operation in the series successfully contributed to the Government of Colombia's efforts to address migration-related challenges, taking advantage of the programmatic format to ensure that the second operation was engaged in the most relevant reform priorities at the time. The second operation also demonstrated, in the context of migration, that innovative sources of financing—in this case, the GCFF—can be tapped alongside traditional IBRD lending.</p> <p>Provision of TA and ASA in the policy areas covered by the DPFs implemented to support this indicator were instrumental in developing an integrated approach to the WBG's assistance to Colombia and setting the stage for future engagement. Numerous subsequent policy actions built on the background work supported by the series, including the "National Entrepreneurship Policy" (CONPES 4011) published in 2020. The reforms under pillar 3 in the second operation were preceded by the prior TA on the social and economic impacts of migration and</p>	<p>Lending</p> <ul style="list-style-type: none"> ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) ▪ GCFF-Second Fiscal Sustainability, Comp., and Migration DPF (TF0B0606) <p>ASA</p> <ul style="list-style-type: none"> ▪ Analysis of Impacts of Venezuelan Migration in Colombia (P167810)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	Source: ICR00005263 February 2022	<p>to migrants from Venezuela, but PA9 targeted short-term measures, while the actions under PA10 had a medium-term focus.</p> <p>For Venezuelan migrants included in the RAMV, two indicators were tracked: those who received a PEP and those who received employment services. The GCFE report attached shows results on both areas. Beyond migrants targeted in this project, overall access to services is tracked in areas such as affiliation to health care, for projects like the Social and Economic Migration DPL.</p> <p>An outcome of the response plans is that working jointly with the municipalities on identifying challenges and creating action plans to address them enabled them to include a migration lens in their development plans.</p> <p>Note: PEP -for its acronym in Spanish- is the 'Special Stay Permit' and it allows migrants to stay in Colombia legally for up to 2 years. It grants access to vital healthcare, the jobs market and education.</p>	<p>laid the groundwork for further WBG engagement with the client on migration issues</p>	<p>MIGA guarantees:</p> <ul style="list-style-type: none"> ▪ Bogota Pilar I NH Sub-sovereign Obligation
<p>Additional evidence</p>	<p>Highly valued analytical work helped to determine the social, sectoral, and economic impacts of the migration from Venezuela in Colombia, particularly in host communities. The analysis, carried out at the request of authorities commissioned with migration affairs in Colombia, offered a framework for response around policy and programmatic recommendations such as including the set-up of a coordination unit within the Presidency, the expansion of service provision and social protection programs that off-set impacts in the local labor market, and the implementation of anti-xenophobia campaigns, as well as preventing forced recruitment, human trafficking and sexual exploitation. The Impact analysis was jointly launched by President Ivan Duque and the Bank late 2018. The report has informed a national policy to respond to the migration impacts and its main recommendations are the kernel of CONPES 3950, prioritizing several actions in key sectors such as health, education, and employment. In parallel, the Bank provided complimenting technical assistance through the "Responding to the Venezuelan Migration Crisis in Colombia (P170117)" ASA, that built on the initial analysis, and which furnished relevant counterparts with Just-in-time policy advice for the development, adoption and implementation of key policies on migration, and</p>			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	strategic communications plans for the Gerencia de Frontera ⁴ . This technical knowledge delivery also contributed in shaping local development response plans in some of the most affected municipalities and promoted knowledge exchanges with other regions, including other Latin American countries facing similar flow of migration from Venezuela. At PLR stage, to reflect the changing country circumstances and in line with the CPF objective of access to quality services, a new metric to ponder the migrant issue was incorporated. A target population of 280,000 people (152,000 women) registered in the RAMV and able to work and access services legally was broadly surpassed in 2020 with close to 800,000 Venezuelans enrolled. Additional contributions that stood out throughout the CPF period include the COVID-19 monitoring dashboard, the gender observatory, and the quality improvements under the Health P4R and RAS. Although the health projects did not achieve their targets, IFC's project with Bancamia contributed to expand access to financial services to Forcibly Displaced Population (FDP). A cooperation agreement to strengthen the offering of financial products and services to Venezuelan migrants, especially women, with support from the Women Entrepreneurs Finance Initiative (We-Fi). For details on results, please refer to Annex 7.			
OBJECTIVE 4: Improved Access to and Quality of Education Rating: Mostly achieved	<p>a.1. Percentage of students enrolled in first year tertiary education (whose income is below twice the minimum salary) and</p> <p>a.2. % of women benefiting from ACCESS loans</p> <p><u>Baseline 2012:</u> a.1. 58%</p> <p>a.2. Women with ACCESS loans 2012: 57% (198,000) Women</p> <p><u>Target 2019:</u> a.1. 59% or above a.2. 56% or above</p> <p><u>Actual (at ICR):</u> a.1. 64.37% (Dec. 2017)</p>	<p>Achieved – at PLR stage</p> <p>Both indicators have been achieved.</p> <p>The result for students enrolled in tertiary education with income below twice the minimum salary includes higher education students in the National Learning Service (Servicio Nacional de Aprendizaje, SENA)</p> <p>Note: The Access with Quality to Higher Education (ACCES for its acronym in Spanish) credit is a long-term line of credit to finance technical, professional, technological or complementary cycle programs of higher education or university-level schools.</p>	<p>It is essential that continuity of the project with external loan resources contributes, on the one hand, to consolidate financial sustainability of ICETEX and, on the other, to integrate the necessary components to boost the offer of tertiary education in Colombia, in accordance with the guidelines of public policy.</p> <p>Well-coordinated supervision efforts of the Bank, including a review of the equity indicators in 2016, helped ICETEX to implement a plan to improve attention to vulnerable population. This propelled accomplishments in these indicators and the improvement of the benefits to ethnic communities and victims of violence.</p>	<p>Ongoing Financing (incl. IFC investments)</p> <ul style="list-style-type: none"> ▪ Access and Quality in Higher Education Project – PACES (P160446) and AF (P166177) ▪ Program for Improving Learning Outcomes (P176006) <p>Ongoing ASA (incl. joint WB-IFC)</p> <ul style="list-style-type: none"> ▪ PPP Colombia Schools (IFC 600922)

⁴ Gerencia de Frontera. Created in February 2018 under the mandate of the President's office, is in charge of leading the enforcement of a regulatory framework for overall coordination of the migratory movement along the 2,219 kilometers of borders with Venezuela.

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>a.2. 57.8% (Dec. 2018)</p> <p>Source: ICR00004508</p> <p>Access with Quality to Higher Education Project – ACCES II SOP Phase 2 (P145782)</p>			<p>Closed during CPF Period</p> <p>Financing</p> <ul style="list-style-type: none"> ▪ Access with Quality to Higher Education Project – ACCES II SOP Phase 2 (P145782)
	<p>(b) Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions*</p> <p><u>Baseline 2015</u>: 23%</p> <p><u>Target 2021</u>: 33.8%</p> <p><u>Actual</u>: 39% (Sept. 2021)</p> <p>Source: ISR Sequence 9</p> <p>Sept. 2021, (P160446)</p>	<p>Achieved</p> <p>The target has been achieved (and surpassed) well in advance of the project’s closing date of December 2023.</p> <p>New Indicator incorporated at PLR stage 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.</p> <p>*Accredited higher education programs are defined as the HEIs or programs that have been recognized by the Consejo Nacional de Acreditación (CNA, National Accreditation Council) as accredited institutions or programs.</p>	<p>Joint efforts to seek innovative approaches to reformulate the financial conditions for lending operations have been beneficial for education-promoting agencies like ICETEX. Close collaboration between ICETEX and WB Treasury gave way to sound management of the foreign exchange risk with a steady process of conversion of debt, minimizing the risk of exchange rate in payment of interests and financial cost of the debt. This has allowed ICETEX to have more flexibility with options for an effective date of conversion.</p>	<p>ASA</p> <ul style="list-style-type: none"> ▪ The Labor Market Effect of ACCESS (P150191)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>(c) Number of children with access to improved education through IFC PPP</p> <p>Baseline 2015: 0</p> <p>Target 2021: 21,520</p> <p>Source: Project closing memorandum</p>	<p>Not Achieved</p> <p>IFC PPP Colombia Schools (600922) did not advance to bidding stage due to change in priorities of Ministry of Education, and the pandemic.</p> <p>Target was revised downward at PLR stage (Initial: 48,000). 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. The request for adjustments halted the progress in getting the approvals to launch the tender process for the first set of schools in Medellin. With COVID-19 the priorities shifted away from the project and it was not feasible to re-engage in 2021 with limited time to renegotiate a new mandate and update technical, legal, and financial analyses before the 2022 elections. Accordingly, the parties did not carry on with the negotiations to sign an updated advisory mandate and the project was closed. Notwithstanding, it did deliver valuable outputs and outcomes which included new regulations to facilitate PPPs in the education sector, a transaction structure report and a draft project agreement, and the government officials with new skills and PPP knowledge.</p>	<p>Although changes in the initial scope were accommodated, and the implementation process was slowed down, the project was affected by the shift in government priorities due to the pandemic. A lesson learned from IFC's wide experience with PPP projects is that they require public sector commitment and decision making to move forward and that their implementation are affected by the national I(or local) election cycles. Timely decisions to close projects are needed.</p>	
Additional evidence	IFC engaged in the tertiary education sector, by providing assistance to universities (Universidad de Los Andes, Uniminuto) in their digital transformation which were early implementers of the Digitization for Tertiary Education Program (D4TEP). Details are provided in paragraph 28.			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
PILLAR 3: SUPPORTING FISCAL SUSTAINABILITY AND PRODUCTIVITY [MODERATELY SATISFACTORY]				
OBJECTIVE 5: Improved Fiscal Management in Support of Fiscal Consolidation Rating: Achieved	(a) Increase in non-oil central government tax revenue, excluding the equity tax and surcharge CREE <u>Baseline 2015:</u> 12.4% of GDP <u>Target 2020:</u> 13% of GDP (Baseline and Target values from DPF2-P162858) <u>Actual: 13.4% (2019)</u> Source: ICR Report Number ICR00005263 for P158739 and P162858	Achieved Indicator reformulated at PLR stage. Target adjusted due to changes in country context. Non-oil central government revenue, excluding CREE, rose from a baseline of 12.5 percent of GDP in 2015 to 13.4 percent of GDP in 2019, above the target of 13 percent. The target was relaxed from 14.3 percent of GDP in 2018 in the first operation, in part due to a revision of data for the baseline year of 2015 between the first and second operations.	Provision of TA and ASA in the policy areas covered by this series, including on various aspects of fiscal sustainability, was instrumental in developing an integrated approach to reforms and in ensuring flexibility and adaptability of WBG support. The Bank's analytical engagement with the Government continued with the Colombia Public Finance Review (P175335) in FY22, which can lead to further lending support, especially with a view to making public expenditure more efficient and equitable.	Financing: <ul style="list-style-type: none"> ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) ▪ First Fiscal Sustainability and Competitiveness DPF (P158739) ▪ PA for Peace and Post-Conflict Consolidation (P153567) ▪ Colombia Public Finance Review (P175335)
	(b) Post-Conflict expenditures accommodated under the Medium-Term Fiscal Framework (MTFF) Baseline 2015: no Target 2017: fully accommodated.	Achieved- at PLR stage The analytical work Colombia Fiscal Consolidation (P162055), as referenced in the PLR, indirectly contributed to the achievement of this indicator – as confirmed at PLR stage. The analysis reflected in the Completion Report mentioned that in order to maintain fiscal sustainability in the face of the external shocks, and to create fiscal space for	The overall success in fiscal consolidation, coupled with the strengthening of fiscal institutions supported by Bank lending and ASA/TA, has allowed Colombia to accommodate post-conflict expenditures within its MTFF. The Bank is uniquely positioned to provide catalytic knowledge and advisory services on the development-peace nexus to the next administration. Such privileged position can and	

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>Source:</p> <p>Colombia Fiscal Consolidation (P162055)</p> <p>TA</p> <p>CONPES 3837-Marco de Gasto de mediano Plazo 2016-2019</p> <p>(Select and right click-Open Hyperlink)</p> <p>(Medium-Term Expenditure Framework 2016-2019)</p> <p>Pg. 16, Table 2</p> <p>Line: "Inclusion Social y Reconciliación" (Social Inclusion and Reconciliation)</p>	<p>expenditures related to the peace process, fiscal consolidation became a necessity. This piece provided technical and analytical support to the Government of Colombia in its efforts to maintain fiscal sustainability in the transition to a "new economy", founded on the NDP's three pillars framework: Peace, Equality, and Education.</p> <p>These expenditures are reflected in CONPES 3837 MTFF 2016-2019.</p> <p>Note: CONPES: (National Council on Economic and Social Policy). It is the highest national planning authority in the country and serves as the advisory body to the government on all policy related to the economic and social development in Colombia.</p>	<p>should be used to advocate for development promotion in Colombia's conflict-affected areas.</p> <p>As a note of caution, on a sensitive issue such as post-conflict resolution, the achievement of the intended outcomes largely depends on the current Administration's policy approach.</p>	
Additional evidence:	<p>The WBG was highly engaged in technical work in all three pillars of the Fiscal Sustainability and Competitiveness DPF series. The reforms under pillar 1 are particularly related to TA on tax policy and contingent liabilities. The reforms under pillar 3 in the second operation were preceded by the prior TA on the social and economic impacts of migration and laid the groundwork for further WBG engagement with the client on migration issues, including a dedicated DPF on migration in FY22. Core analytical deliveries accompanied the Fiscal Sustainability and Competitiveness DPF series as a vehicle to complement the policy dialogue with the authorities and provide in-depth assistance on specific aspects beyond what the lending operation could cater. While the DPF series supported reforms related to expenditure consolidation, improved management of contingent liabilities, tax administration and tax policy, the Fiscal Consolidation Programmatic Approach (P162055) complemented the policy dialogue among key counterparts providing technical and analytical support to help maintain fiscal sustainability and assist in building the tools to help inform the policy dialogue (macro model, CGE). The joint (Bank-Government) identification of knowledge and capacity gaps led to (i) the formulation of a structural econometric model with a disaggregated fiscal module to allow for modeling of fiscal variables, (ii) the delivery of a background paper assessing the existing budget rigidities in Colombia that impact fiscal consolidation efforts, and to (iii) the building of technical capacity at the Ministerio de Hacienda y Crédito Público (MHCP), Colpensiones and Fedesarrollo to develop alternative pension systems and enrich the dialogue on policy options for reforms.</p>			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
OBJECTIVE 6: Improved Business Environment and Innovation to Boost Productivity Rating: PROPOSED UPGRADE: (Rationale explained in the main text under Objective 6)	(a) National competition policy that addressed both trade barriers and non-tradable sectors designed and under implementation <u>Baseline 2015:</u> 0 <u>Target 2020:</u> Under implementation Source: First and <u>Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) ICR - Report # 00005263</u> February 2022 Par. 24	Not Verified Despite Government willingness to advance with this reform, the political landscape and the legislative space had shifted substantially around that time (early CY2017) to focus intensely on the peace agenda. In the back of this, the decision was made that it was not suitable to keep it as part of the DPF matrix. Internal Bank documentation from a project mission records evidence of the indicator being dropped prior to PLR stage. As the CLR cannot drop an indicator, it is being reported as Not Verified.		Ongoing Financing (incl. IFC investments) Pipeline <ul style="list-style-type: none"> ▪ Competitiveness and Recovery DPF (P175801) ▪ Second Fiscal Sustainability, Competitiveness, and Migration DPF (P162858) ▪ Sub-Ntnl Strengthening of Transparency in the Extractives Sector (TF0A9854) ▪ Support the imp. of the Energy Transition of the Power Sector (TF0B2682)
	(b) IFC: Number of firms benefiting from improved tax administration <u>Baseline 2012:</u> 0 <u>Target 2018:</u> 860,000 Actual: 913,921 Source: DIAN reports (“Estimaciones de reducción de tiempos de espera DIAN.xlsx”)	Achieved Indicator revised at PLR stage (indicator previous name: ‘Number of SMEs benefiting from improved tax registration’) 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, which include permitting small businesses to declare ICA annually instead of every two where tax payments do not exceed 391	The DPFs benefitted from close collaboration between the WBG and Colombian authorities. A Bank-IFC analytical and capacity building program with DNP that evaluated public programs supporting business and innovation has been used as benchmark in other countries. Numerous subsequent policy actions by the government built on the background work supported by the series, including the “National Entrepreneurship Policy” (CONPES 4011) published in 2020. This led to the Entrepreneurship Law supported in the FY22 Competitiveness and Recovery DPF in the context of the COVID response adjustment of the WBG program in Colombia.	Ongoing ASA (incl. joint WB-IFC) <ul style="list-style-type: none"> ▪ Colombia Taxes (IFC 599785) ▪ Colombia Jobs Diagnostic (P173557)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	attached to Lucia Burneo's email)	<p>UVT (approximately COP 12,456,869 or US\$ 4,078), the elimination of the requirement for new businesses to open a bank account when registering to obtain a Tax Identification Number (RUT), and reduction in the average time spent waiting in line at the Taxpayer Assistance service (from 21 to 16 minutes).</p> <p>Tax reforms enacted in Colombia supported by the project have benefited approximately 913,921 firms.</p>	<p>In FY22, the WBG was a key partner for the Misión de Internacionalización promoted by the Government of Colombia, with the production of key diagnostic which will inform Colombia's trade and investment policy. Such high-level engagement should continue.</p>	<ul style="list-style-type: none"> ▪ Colombia Trade Engagement (P174297)
Additional evidence	<p><u>Outcome:</u> Achievements derived from Bank-supported interventions largely contributed to capturing and supporting the broad dimension of Objective 6 in specific results indicators such as the increase in: (i) the number of firms applying to an antitrust leniency program, (ii) the reduction in customs clearance times (average across all modes of transport), (iii) and the number of firms registered through a single electronic window.</p> <p><u>Rationale:</u> Productivity in Colombia was hindered by market failures; lack of economic diversification; and weak coordination between national and regional governments, between the public and private sectors, and among entities at the national level. Customs procedures were burdensome and customs clearance times were long, for instance. The framework for investigating anti-competitive behavior among firms was inadequate. Procedures for establishing new firms were onerous, hindering entrepreneurship. (Source: ICRR0022908).</p> <p><u>FY22-23 gap:</u></p> <p><u>Outcome:</u> Development lending supported measures to ease the regulatory burden on business which is helping to reduce the cost of doing business in Colombia. This effort is leading to less burdensome and time-consuming administrative procedures, allowing businesses to allocate more resources and time to productive activities and less to conducting government transactions.</p> <p><u>Rationale:</u> The Colombian regulatory framework continues to be cumbersome. According to the World Bank's Enterprise Surveys in 2017, senior management in Colombia spend 19.5 percent of their time dealing with government regulation, compared with 12.6 percent in the LAC region and 8.2 percent globally. In Colombia, there are more than 2,600 administrative procedures that are part of the Single Registry for Administrative Procedures (SUIT, <i>Sistema Unico de Informacion de Trámites</i>). In addition to solving these issues related to regulatory administrative burdens, following the example of many OECD and developing countries, Colombia requires a whole-of-government system that improves the quality of business regulations. (Source: ICR Report under preparation DPF P175801 -closed January 2023).</p>			

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
OBJECTIVE 7: Deepened Financial Intermediation for Productive Purposes Rating: Mostly Achieved	(a) IFC: tCO2e per year reduction in GHG emissions from IFC projects <u>Baseline 2018:</u> 0 <u>Target 2021:</u> 241,061 tCO2e per year reduction by 2021 Actual: 315,500 tCO2/year Source: IFC client reporting in CAFI	Achieved New Indicator incorporated at PLR stage to reflect the strategic objective of climate finance for IFC in the country (Colombia) The 315,500 tCO2/year is the total GHG emissions expected ⁵ to be reduced yearly as a results of climate loans disbursed and reported by FI clients in the CAFI (Client Assessment for Financial Institutions) platform. Four FI projects contributed to the indicator over the 2017 to 2021 period.		Ongoing Financing (incl. IFC investments) <ul style="list-style-type: none"> ▪ Support to FDN (IFC 33862) ▪ Bancolombia Green Bond (IFC 38731) ▪ Davivienda Green Bond (IFC 39057) ▪ EPSA Green Bond (IFC 39800) ▪ Competitiveness and Recovery DPF (P175801)
	(b) IFC: FDN outstanding portfolio (US\$) financing infrastructure <u>Baseline 2014:</u> US\$165,000,000 <u>Target 2021:</u> US\$1,800,000,000 Actual:	Partially Achieved Indicator revised at PLR stage 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. FDN Portfolio reached US\$ 1,154,657,449 per FX of COP/USD 3,756.67 on June 30, 2021. FX at baseline was closer to 3,000, which would be equivalent to closer to		Ongoing ASA (incl joint WB-IFC) <ul style="list-style-type: none"> ▪ Colombia Infrastructure Development Fund (IFC 599983)
				Closed during CPF Period Financing

⁵ This is the standard indicator for GHG emissions as defined by the Climate Policy Team in IFC.

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>US\$ 1,154,657,449 (per FX of COP/USD 3,756.67 on June 30, 2021)</p> <p>Source: FDN</p> <p>(c) IFC: Amount of financing allocated to the 4G concessions program by credit institutions</p> <p><u>Baseline 2013</u>: 0</p> <p><u>Target 2021</u>: COP3.4 trillion from local banks; COP1.8 trillion from FDN and COP7.4 trillion from others (including AFPs)</p> <p>Actual: COP 5.5 trillion from local banks, COP 4.1 trillion from FDN, and COP 13.5 trillion from others (as of December 31, 2020).</p> <p>Source: FDN</p>	<p>US1.5 billion, yet still \$0.3 billion short of the target. For additional context, the target would be achieved if the substantial committed but undisbursed amount of US\$ 729,117,703 as of June 30, 2021, were to have been disbursed.</p> <p>Achieved</p> <p>Indicator revised at PLR stage given that disaggregated data produced by FDN incorporates AFP participation in debt funds along with other institutional investors.</p> <p>Indicator was off by a factor of 1,000 due difference in Spanish to English translation of “billones” (it does not directly translate to billions, but rather is trillions, in Colombian context). For clarity:</p> <p>10^6 = “millones” = millions</p> <p>10^9 = “mil millones” = billions</p> <p>10^12 = “billones” = trillions.</p> <p>Indicator achieved at COP 5.5 trillion from local banks, COP 4.1 trillion from FDN, and COP 13.5 trillion from others (as of December 31, 2020).</p>		<ul style="list-style-type: none"> ▪ Review of Institutional Frameworks for Private Sector in Energy (TF0A4207) ▪ Financial Inclusion and Consumer Protection TA (P167375) ▪ Capital Markets and Infrastructure Financing (P157596) <p>MIGA guarantees</p> <ul style="list-style-type: none"> ▪ Findeter NHSOE ▪ Davivienda Transfer risk ▪ FDN Nacional Climate Finance Facility NHSOE ▪ Procredit Capital Optimization (not active) ▪ Bancoldex NHSOE (not active)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
Additional evidence:	<p>IFC's engagements to further financial inclusion, develop green buildings and the open banking ecosystem (jointly with the World Bank), have been successful.</p> <p>Regarding the open banking ecosystem, eight FIs participated in Digilab and moved to the implementation phase, with the following outcomes: 50 percent of FIs increased their client base by more than 5 percent; 42 percent increased client satisfaction by more than 10 percent, 34 percent of FIs increased their revenues over 10 percent, and 42 percent achieved efficiencies of over 5 percent. On the regulatory front, the main outcome has been that in 2021 the Unidad de Regulación Financiera (URF) published a draft regulation to promote widespread Open Finance adoption under a voluntary scheme, including new business models such as Banking-as-a-service. Tgus was a WBG effort which entailed: i) sharing international lessons learned and conducting workshops with the private sector to gather information about their main concerns; ii) supporting Superintendencia Financiera de Colombia (SFC) to create awareness about the subject amongst Tier II banks and MFIs; iii) assisting the SFC in conducting the first Open API (Application Programming Interface) Pilot within Sandbox, to better understand the implication of FIs migrating to open APIs. These engagements started in May 2021 and final results are expected by May 2024.</p> <p>Colombia is now positioned as a regional lead regarding green buildings. As of June 2021, the country accounted for 37 percent (close to US\$448 million) of IFC's cumulative green building investment in LAC. A total of 5.18 million square meters of green floor space were certified with EDGE in about 14 cities, primarily in the residential sector. Of the 61,820 green housing units, approximately 80 percent are considered affordable housing. According to IFC estimates, EDGE certified floor space exceeded 20 percent of new builds between January and June 2021, which is one of the highest market penetration rates for any internationally recognized green building certification in an emerging country.</p>			
<p>OBJECTIVE 8:</p> <p>Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities</p> <p>Rating: Partially achieved</p>	<p>(a) Additional population benefitting from improved transportation services in medium-sized cities</p> <p><u>Baseline 2015:</u> 0</p> <p><u>Target 2020:</u> 150,000</p> <p>Actual: Not Verified</p> <p>Taking 3 of the 5 participating cities which are tagged as "medium-size":</p> <p>Source: ICR00005348</p> <p>March 2021 (P117947)</p>	<p>Not Verified</p> <p>Since the indicator, as formulated initially, is not recorded in or supported by any Bank instrument associated to the transport sector during the CPF period, "Improved transportation services" is evidenced as: Increased quality of the provision of public transport cities and is brought forward as additional evidence contributing to the objective of Improved Infrastructure Services and Enhanced Urban Planning to Develop Competitive Cities. Satisfaction rates improved compared to a very low baseline of 50 percent in each city. In Neiva, the satisfaction rate of 81 percent significantly exceeded the target of 70 percent, while Sincelejo achieved 73 percent satisfaction rate and Valledupar 67 percent, almost achieving the target of 75 percent. It should be noted that the data on</p>	<p>The next generation of the national urban transport program should: (i) implement and finance new technologies, such as investing in electric or gas (environmentally-friendly) fleets, (ii) support the operation of the systems, (iii) reengineer the systems to address the main failures of its initial design, (iv) work toward the financial sustainability of the systems, (v) continue working to strengthen the national and municipal entities, and (vi) support the implementing entities in financial, legal, and operational areas.</p> <p>A TA component to help with strong coordination and technical support was fundamental to advance with implementation while properly managing risks. Including the TA component allowed to speed up the implementation considerably, which was facing notable delays, and properly manage risks. Officials at the national and subnational entities highly valued the World Bank's technical support.</p>	<p>Ongoing Financing (incl. IFC investments)</p> <ul style="list-style-type: none"> ▪ TransMiCable (IFC 39772) and Transmilenio Caracas Sur (IFC 38347) <p>Ongoing ASA (incl. joint WB-IFC)</p> <ul style="list-style-type: none"> ▪ LAC Cities Program (IFC 600891)

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments																											
		<p>the percentage of people satisfied with the system was collected from surveys that targeted users of the entire public transit systems (not only the corridors targeted under the Project);</p> <table border="1"> <thead> <tr> <th colspan="2">Enhanced provision of public transit services in the participating cities</th> <th colspan="3">Component C: Strategic Public Transit Systems (medium size cities)</th> </tr> <tr> <th>Objective</th> <th>Measurement</th> <th>Sincelejo</th> <th>Valledupar</th> <th>Neiva</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Outcome Indicator: % people satisfied with the system</td> <td>Baseline</td> <td>50</td> <td>50</td> <td>50</td> </tr> <tr> <td>Actual Value</td> <td>72.5</td> <td>67.3</td> <td>81.3</td> </tr> <tr> <td>End Target</td> <td>75</td> <td>75</td> <td>70</td> </tr> <tr> <td>% Achieved</td> <td>97%</td> <td>90%</td> <td>116%</td> </tr> </tbody> </table> <p>Note: Colombian legislation (Sistema de Ciudades-DNP, 2014) has classified medium-sized cities as those with a residing population between 100,000 and 1,000,000 inhabitants. This is the case of Neiva, Valledupar, and Sincelejo.</p>	Enhanced provision of public transit services in the participating cities		Component C: Strategic Public Transit Systems (medium size cities)			Objective	Measurement	Sincelejo	Valledupar	Neiva	Outcome Indicator: % people satisfied with the system	Baseline	50	50	50	Actual Value	72.5	67.3	81.3	End Target	75	75	70	% Achieved	97%	90%	116%	<p>This component strengthened the implementing agencies' capacity to support these projects and helped the PIU deliver the outcomes of the Project.</p>	<p><u>Closed during CPF Period</u></p> <p><u>Financing</u></p> <p>Support to the National Urban Transit Program (P117947)</p> <p>MIGA guarantees</p> <p>Findeter NHSOE</p> <p>Uraba Port MHSO</p>
Enhanced provision of public transit services in the participating cities		Component C: Strategic Public Transit Systems (medium size cities)																													
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	End Target	75	75	70																											
	% Achieved	97%	90%	116%																											
	<p>(b) 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)</p> <p>Baseline 2015: 0</p> <p>Target 2018*: 40,000 families (through VIPA; Cities DPL)</p>	<p>Partially Achieved</p> <p>*Revised target at PLR stage (previous: 40,000 through VIPA; Cities DPL and 2,500 affordable new homes (IFC).</p> <p>IFC portion of the indicator was revised at PLR stage and dropped: Indicator determined as having no strategic relevance for IFC.</p> <p>A legal and policy framework to improve access to affordable housing for low-income households was established.</p>	<p>Development programmatic financing can support key national policies focusing on key national sector policies, rather than around a group of investment activities. Strong analytical underpinnings can always benefit DPF implementation and impact.</p> <p>Collaboration among sectors should be fostered through incentives. Introducing incentives to promote collaboration between different sectors of the Bank can greatly contribute to successfully developing programmatic financing. This is important especially around high-level policy dialogue with the Government. The close collaboration among Bank teams and with the</p>																												

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
	<p>Actual: 35,000 families (December 2016)</p> <p>(end of DPL series/date of ICR)</p> <p>Report ICRR-0020607</p> <p>Source: ICR00003888-(P145766)</p>	<p>Note: VIPA-Housing Program for Savers (for its acronym in Spanish) seeks to promote the acquisition of housing for families throughout</p> <p>the country with income levels of up to two minimum monthly wages.</p>	<p>Government enabled this approach to achieve the country's development objectives.</p> <p>Introducing incentives for different levels of government may foster implementation of policy measures. During DPL design, it is important to acknowledge the implications of involving different levels of government in policy measures' design and implementation.</p>	
	<p>(c) IFC: Number of beneficiaries of IFC subnational finance projects</p> <p><u>Baseline 2018</u>: 0</p> <p><u>Target: 2021</u>: 2,169,000</p> <p>Actual: 776,351 (2020)</p> <p>Source: City of Bogota website</p>	<p>Partially Achieved</p> <p>New indicator incorporated at PLR stage for subnational finance (IFC Cities) based upon the following beneficiary targets: TransMiCable (IFC 39772) 669,000 and Transmilenio Caracas Sur (IFC 38347) 1,500,000.</p> <p>TransMiCable (IFC 39772) serves 20,000 riders per day which annualized is 7.3 million rides, but from available data it is not possible to define unique riders. IFC is taking the number of inhabitants in the locality of Ciudad Bolivar then 776,351 beneficiaries is the figure most recently reported in 2020.</p> <p>Transmilenio Caracas Sur (IFC 38347) was still under loan negotiation in 2021, so construction had not been completed by end-2021. For this reason, the target could not be fully achieved</p>		

CPS Objective	CPS Objective Indicators Baseline/Target	Status at Completion and Learning Review	Lessons Learned and Suggestions for the new Country Partnership Framework	WBG Program Instruments
Additional evidence:	<p>The WBG has played a key role as a strategic partner in Colombia’s infrastructure agenda bringing technical experience, project structuring support, and financing solutions. The Bank has devoted over \$1 billion during this CPF period solely to support infrastructure development on many fronts. A combination of IPF-DPF including the Plan Pazcifico: Water Supply and Sanitation Infrastructure (P156239) and Enhancing Waterway Connectivity (P156880) promote water provision and waterway transportation infrastructure in predominantly afro-descendant communities. As part of the water supply Pazcifico project, installed capacity of potable water (over 400 thousand liters/day) in project areas was generated, as humanitarian support for COVID-19. Additionally, the Resilient and Sustainable Infrastructure for Recovery DPF (P173424-\$500m-FY21-1st of 2 series) focuses on reforms to adapt, maintain and build critical resilient and sustainable infrastructure to support both the crisis response (e.g. utility related measures) and medium- term economic recovery. At time of writing, ancillary multi-sector technical support is being finalized to respond to ANI’s request to conduct baseline studies and fill knowledge gaps based on best international practices to inform the preparation of the Multipurpose Canal Dique Rehabilitation Project.</p> <p>Although the target for IFC subnational projects in terms of beneficiaries was not achieved, other results in terms of time savings and value of financing facilitated from the LAC Cities program in Colombia are described in paragraphs 45 to 47 of the CLR.</p>			

Annex 3. Colombia Lending Program: Indicatively Planned vs. Actual FY16-21

Project ID	Project Name	Approval FY		Net Comm. Amount (US\$ mil)	
		Proposed	Actual	Proposed	Actual
P150475	Programmatic DPL for Sustainable Development	FY16	FY16	500	700
P154821	Sustained Growth and Income Convergence DPF II	FY16	FY16	700	700
P156239	Plan Pazcifico: Water Supply and Sanitation Infrastructure	FY17	FY7	126.7	126.7
P158520	Territorial Development DPF	FY17	FY7	800	800
P160446-8701	Access and Quality in Higher Ed. Project-PACES	FY17	FY7	160	160
P158739	Fiscal and Growth DPF I	FY17	FY17	600	600
P156880	Enhancing Waterway Connectivity in Plan Pazcifico	FY18	FY18	41.9	41.9
P161642	Second Sustainable Development and Green Growth DPF	FY18	FY18	500	500
P160446-8836	AF-Access to High Qual. Education PACES	FY18	FY18	160	160
P161713	Clean Energy Development Project (Guarantee-CTF)	FY19	FY19 Withdraw FY21	41	41
P165300	Support to Bogota Metro Line 1-Section 1	FY19	FY19	200	70
P162858	Fiscal Sustainability, Competitiveness, and Migration DPF II	FY19	FY19	718.5	718.5
P162594	Multipurpose Cadaster Project	FY19	FY19	100	100
P169866	Improving Health Care Services and Efficiency PforR (P169866)	FY20	FY20	150	150
P170728	Institutional Strengthening for Territorial Development DPF	FY20	FY20	400	400
P174118	Emergency Response COVID-19 DPF	FY20	FY20	700	700
P173424	Sustainable and Competitive Infrastructure DPF	FY21	FY21	300	500
P175126	Resilient and Sust. Infr. for Recovery DPF 2	FY21	FY21	450	750
P172535	Resilient and Inclusive Housing Project	FY21	FY21	100	100
P175801	Competitiveness and Recovery DPF	FY22	FY22	500	500
P176505	Social and Economic Int. of Migrants DPF	FY21	FY22	250	500
Total FY16-21				7,498.1	8,318.1

Annex 4. IBRD Colombia Portfolio FY16-21

As of June 2021	FY16	FY17	FY18	FY19	FY20	FY21
PORTFOLIO AND DISBURSEMENTS						
Active Projects #	10	11	11	11	16	17
Net Commitments Amt \$m	3,019.40	2,532.80	1,788.70	1,788.70	2,806.00	3,895.24
Total Disbursements \$m	2,303.51	1,150.38	895.7	922.74	1,971.56	3,152.40
Total Undisbursed Balance \$m	712.7	1,331.45	861	833.96	1,552.84	743.8
Disbursements in FY \$m	1,474.49	936.03	1,154.62	303.21	1,492.46	2,068.20
Disbursement Ratio for IPF only %	9.8	29.6	21.2	26.8	16.9	14.2
PORTFOLIO RISKNESS						
Actual Problem Project #	2	3	2	1	1	2
Problem Project %	20	27.3	18.2	18.2	0	0
Projects At Risk #	2	3	2	1	1	2
Projects At Risk %	20	27.3	18.2	18.2	6.2	5.8
Commitments At Risk \$m	542	538	70	70	41.9	20
Commitments at Risk %	18	21.2	3.9	3.9	1.5	0.5
Proactivity %	75	50	100	100	100	100

Annex 4A. Table 2. RAS Program CPF Period

Project ID	Activity Name	Lead GP/Global Themes
FY 2016		
P152004	Strengthening of the National Health Superintendency (SNS)	Health, Nutrition & Population
P155027	Colombia Strengthening of the SNS – Phase II	
P155746	RAS – Support to Unidos Articulation Model and Rural Focus	Social Protection & Labor
P153533	Design of a Social Investment Index	
P148732	CO RAS Public Sector Accounting Reform	Governance
P155509	Colombia RAS Public Sector Accounting Reform – Phase II	
P153595	Public Exp. Review of Science, Technology and Innovation	Trade and Comp.
FY 2017		
P153593	Support to eGovernment Unit in Ministry of Info-Comm-Tech	Transport & ICT
P154027	Design of Regional Transport Authorities for Colombian Cities	
P159404	Improve the Tertiary Education Quality Assurance System	Education
P160038	RAS Support to DPS Delivery System Tools	Social Protection & Labor
P159955	Strengthening of the Colombian National Health Superintendence (SNS) Phase III	Health, Nutrition & Population
P155717	Public School Meal Program Framework Price Agreement (IE)	Governance
P154144	Conceptual Design of a Results-Based Public Investment	
FY 2018		
P161549	Agriculture Insurance for Small Farmers	Agriculture
P163840	SISBEN Social Contract RAS	Social Protection & Labor
P164619	Bogota Education, School L/ship and Socioemotional Skills	Education
P164040	Support to the Impl. Of Public Sector Accounting Regulation	Governance
FY 2019		
P165592	Support the Design and Impl. Of Bogota’s Urban Cycling Plan	Transport & ICT
P167832	Strengthening socio-emotional competencies for educational leadership and evaluation of strategies for higher education	Education
FY 2020		
P170110	Formulación de un Plan de Verificación de Estándares del Servicio Farmacéutico	Health

Project ID	Activity Name	Lead GP/Global Themes
P171181	Families, quality and efficiency of Education in Colombia	Education
P171330	Improving Quality of Education in Bogota	
FY 2021		
P167032	Improving Efficiency and Transp. In Judiciary Management	Governance
P174330	Strengthening Bogotá's Education Management System	Education
P175418	Multidimensional Educ. Quality Evaluation System for Bogota	Education
P173227	Improving Sanitary and Phytosanitary Capacity in Colombia	AGR

Annex 5. IFC Committed and Outstanding Portfolio, FY16-21

	PORTFOLIO (\$m)					
	FY16	FY17	FY18	FY19	FY20	FY21
Committed Exposure	1,265.20	1,307.30	1,445.10	1,450.00	1,855.10	1,870.50
of which Mobilization	163	152.6	64.1	52.9	104.9	66.9
<i>Portfolio Outstanding</i>	976.2	1,059.90	1,259.10	1,172.70	1,548.30	1,607.30
of which Mobilization	163	137.6	64.1	52.9	84.1	66.9
of which Loan	382.9	650.9	832.5	777.1	1,122.00	1,190.20
Outstanding Equity	426.1	271.4	362.5	342.8	342.2	350.2
Outstanding						
<i>Undisbursed</i>	289	247.4	186	277.2	306.8	263.2
of which Mobilization	-	15	-	-	20.8	-
Non-Performing Loans (NPLs)	10.2	43.1	47.8	37.8	45.4	42.6
NPL Ratio (%)	2.70%	6.60%	5.70%	4.90%	4.00%	3.60%

Annex 6. MIGA guarantees executed or active during the CPF period

(Figures in Million USD)

Project name	Effective Date	Expiry Date	Sector	FY16	FY17	FY18	FY19	FY20	FY21
Financiera del Desarrollo S.A.	1/12/2015	1/11/2025	Financial	95	95	88.7	76	63.3	50.7
ProCredit Colombia	12/20/2010	12/21/2020	Financial	2.2	2.3	2.3	2.3	Expired	Expired
Banco Davivienda	6/30/2020	6/30/2030	Financial	Executed FY20	Executed FY20	Executed FY20	Executed FY20	47.5	47.5
Bancoldex S.A.	6/30/2020	6/29/2022	Financial	Executed FY20	Executed FY20	Executed FY20	Executed FY20	385.1	191.7
Total Outstanding exposure				97.2	97.3	91	78.3	495.9	289.9

Annex 7. Colombia World Bank Group COVID-19 Response Plan Adjustments to the Country Program

1. The COVID-19 pandemic and its mitigation measures triggered the first recession in Colombia in two decades and the worst in more than a century. As a result of the national lockdown, the uncertainty about the depth and duration of the crisis, and the repercussions that the pandemic had on domestic and external demand and oil prices, real GDP contracted 6.8 percent in 2020 against a pre-crisis projection of 3.6 percent growth. A series of measures that included increased transfers to vulnerable groups through existing and new programs (Ingreso Solidario and a VAT reimbursement program for the poor) and deferred tax collection for firms helped contain the contraction of GDP and of private consumption, but not that of gross fixed capital formation, which declined 20.6 percent as both private and public investment fell. Fiscal emergency measures and the fall in nominal GDP pushed the central government deficit to a record-breaking 7.8 percent of GDP, while the general government debt-to-GDP ratio hit a record high of 66.9 percent of GDP.¹ Despite this comprehensive response, the efforts were not enough to prevent an increase in poverty. Despite this scenario, the economic rebound in 2021 has been stronger than anticipated, and GDP is set to grow 9.9 percent, reaching its 2019 level by the year end.

2. Colombia has responded to the COVID-19 crisis on two fronts: (i) Covid-19 spread reduction and impact mitigation on the vulnerable population and (ii) economic reactivation. In early March 2020, the government allocated COP 31.9 trillion (3.1 percent of GDP) for relief and mitigation, of which slightly more than 16.7 trillion (or around 52 percent of the total) was spent on health, among other things, increasing transfer to vulnerable groups and providing wage subsidies and liquidity support for businesses. In June 2020, the government activated the fiscal rule's suspension clause for 2020 and 2021 to boost spending and issued a series of biosecurity protocols for various businesses' operations. In August 2020, it announced a 163 trillion pesos investment plan (about 16% of GDP) to be implemented jointly with the private sector over the next ten years. In December 2020, it announced a 2.9 trillion pesos economic reactivation plan to mitigate the increase in poverty and economic vulnerability and the loss of human capital, support sustainable and green growth, and digitalize the economy.

3. In February 2021, the Government of Colombia approved the CONPES 4023, "Policy for the Economic Reactivation and Sustainable and Inclusive Growth," which presents a roadmap to bring the economy to its pre-COVID-19 growth path. The CONPES is structured around five areas (job creation, clean and sustainable growth, support to the poor and vulnerable, peace, and improved health) and involve an estimated COP135 billion in investments (equivalent to 12,5 percent of GDP) over 2021-2026 in partnership with the private sector. These investments are expected to create 2 million jobs, support vulnerable households and enterprises in a sustainable and inclusive way, and guarantee the vaccination of 35 million people. Key measures include: (i) prioritization of 291 infrastructure projects to be financed with PPP, (ii) prioritization of over 30 projects in the energy sector and restoration and protection of the environment, (iii) rehabilitation of water sewage systems to address the pressing needs of the urban poor and support to the conditional cash transfer program "ingreso solidario," (iv) implementation of 81 projects to mitigate the impact of Covid-19 in rural zones, and (v) support the implementation of five priority projects to strengthen the health system to address the sanitary emergency and to prevent future

¹ Central government debt increased to 64.8 percent of GDP at end-2020, while the additional debt of general government increased to 2.1 percent of GDP. This is about 14.9 percent of GDP higher than in a counterfactual scenario without COVID-19, of which lower nominal GDP growth contributed about 6.6 percent of GDP, while the depreciation of the peso explains roughly another 1.1 percent of GDP.

waves of contagious.

4. To support Colombia in its response to the COVID-19 crisis, the WBG has been adjusting its financing and knowledge support, using the existing CPF for FY16- FY21 as a starting point. The CPF, as updated by the Performance and Learning Review (PLR), focuses on three objectives: fostering balanced territorial development (Pillar 1), enhancing social inclusion and mobility through improved service delivery (Pillar 2), and supporting fiscal sustainability and productivity (Pillar 3). The COVID-19 crisis's impact highlights the critical importance of the objectives of social inclusion, fiscal sustainability, and medium-term productivity growth. This adjustment has carried over to FY22 as Bank-wide Partnership Frameworks that were to conclude in the midst of the pandemic have been extended until regular conditions are progressively reestablished and meaningful consultations with government counterparts are possible.

5. IBRD financing and knowledge program in FY20-21 have been adjusted in support of Colombia's strategy and programs to address the COVID-19 crisis and promote a sustainable and robust recovery, consistent with the WBG COVID-19 Crisis Response Approach Paper (WBG AP) and the Bank's Green, Resilient, and Inclusive Development (GRID) Approach. The adjustments include additional support in the health sector (both advice and financing) to protect the poor and vulnerable (targeted transfers, reform of the social registries, resilient and inclusive support, increased support for migrants and host communities), and to build resilient and sustainable infrastructure for medium-term growth while maintaining robust macroeconomic policies and fiscal sustainability. The Bank is also supporting Colombia's medium-term structural and institutional reform agenda in internationalization, employment, and improved targeting of subsidies and benefits.

Table: Key adjustments to the World Bank financing and knowledge program in FY20-22

Program	Alignment with WBG Approach Paper	Objective
Financing		
Second Disaster Risk Management DPF-DDO (P126583)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	FY13 (Appr. July 2012; \$250m; Fully disbursed March 2020; Closed) Funds were disbursed at the request of the Government as a response to the COVID-19 outbreak after declared National State of Emergency (March 17, 2020)
COVID-19 Crisis Support Response DPF (P174118)	Relief and Restructuring. WBG AP Pillars 1-3	FY20 (Appr. Jun 2020; \$700m; Fully disbursed July 2020; Closed). (i) Support the capacity of the health system, (ii) provide income and nutrition support to poor and vulnerable households, and (iii) maintain liquidity and access to finance for firms, in response to COVID-19.
Resilient and Sustainable Infrastructure DPF series (P173424)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	FY21 (Appr. Sept. 2020; \$500m; Fully disbursed 3/21; Closes 03/2022) Accelerated and adapted programmatic series to support the Government of Colombia in its efforts to sustain access to critical infrastructure services for firms and households following the COVID-19 crisis while establishing the policy foundations for recovery through sustainable and resilient infrastructure.
Resilient and Inclusive Housing IPF Project (P172535)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	FY21 (Appr. May 2021; \$100m+\$15m (GPG)+\$21.7m GCFF) Accelerated operation to improve the quality of housing and public space for vulnerable households, including migrants from Venezuela. The COVID-19 crisis further highlights the importance of the operation, especially for the poorest and most vulnerable families living very densely in slum-like conditions, to reduce the risks of overcrowding, inadequate sanitation, and contagion. The project is also part of the government strategy for a resilient economic recovery from COVID-19, including a pillar on increased public investment and housing.
Competitiveness and Recovery DPF (P175801)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	FY22 (Appr. Sept. 2021; \$500m; Fully disb. 10/21; Closes 01/2023) Promote high-productivity and sustainable recovery from the COVID-19 crisis by (i) improving regulation for private sector-led recovery; (ii) promoting innovation and digital finance; and (iii) fostering entrepreneurship and internationalization.

Program	Alignment with WBG Approach Paper	Objective
Social and Economic Integration of Migrants DPF (P176505)	Relief, Restructuring and Resilient Recovery. WBG Pillars 2-4	FY22 (Appr. Nov. 2021; \$500m+\$26.4m (GCFF); Fully disb. 12/21; Closes 11/2023) Support the social and economic integration of migrants from Venezuela in host areas including the adoption of a series of policies, decrees, and resolutions that grant access for Venezuelans to critical services, including COVID-19 vaccines and housing subsidies.
Third Disaster Risk Management DPF-DDO (P176650)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	FY22 (Appr. Dec. 2021; \$300m; Closes 6/25) Strengthen the Government program to manage risk resulting from adverse natural events and the fiscal resilience of public entities to help them better cope with financing the response to COVID-19 or other public health emergencies and providing immediate support to vulnerable populations.
Equitable and Green Recovery DPF (P176788)	Restructuring and Resilient Recovery. WBG AP Pillars 3-4	F22 (Appr. March 2022; \$750m; Closes 11/22) Support measures that (i) reduce income inequalities (including gender-related) and build resilience, (ii) promote economy-wide decarbonization and climate adaptation, and (iii) mitigate climate change by protecting biodiversity and reducing deforestation. The operation supports measures that would contribute to further mitigating the negative impact of the COVID-19 shock.
Knowledge		
New rapid-response analytical and technical assistance on near-term COVID-19 response		(a) development of sectoral biosafety protocols; (b) real-time dashboard for the safe reactivation of the economy at the local and national level; (c) rapid poverty simulations; (d) firm surveys and high-frequency data analysis of economic activity; (e) analysis of the impact and improvement of distance learning and advice on the return to attendance based education; (f) analysis of financial risks to transport, electricity and water supply and sanitation; (g) support to Venezuelan migrants and refugees.
Acceleration and adaptation of ongoing or already planned high priority ASA	Restructuring WBG AP Pillars 2	(a) Equity Flagship (FY20-21) to analyze and provide potential solutions to Colombia's pervasive challenge of high inequality; (b) Public Finance Review (FY21) to analyze long-standing structural revenue issues and identify efficiency gains.

Program	Alignment with WBG Approach Paper	Objective
New TA to advance medium-term development reforms	Resilient Recovery. Pillars 3-4	Support for high-level policy commissions (misiones) on (a) the "internationalization" and opening of the economy, (b) employment and jobs, and (c) tax expenditures.
Additional analytical work to assess impact on gender and job reactivation	Resilient Recovery. Pillars 3-4	Support to increase the City of Bogotá's capacity to design and implement programs for reducing gender poverty gaps and mitigating the disproportionate adverse consequences of the COVID-19 on women and girls. Technical Notes to support programs and policies for promoting a rapid and inclusive recovery of employment in Colombia in a post-pandemic scenario

6. Key adjustments to the IFC program: IFC's response to the COVID-19 crisis is primarily aligned with Pillar 3, Restructuring and Resilient Recovery, of the WBG AP. IFC has met the relief needs of two discount retailers essential to food provision and employment, providing one with a follow-on equity commitment of \$15.2 million and the second with a \$95 million working capital loan. In addition to \$150 million committed for SME financing since the start of the crisis, IFC's advisory contributes to protecting the poor and vulnerable (Pillar 2 of the WBG AP) by engaging financial institutions to improve service to SME clients affected by COVID-19. Planned IFC support for the resilience of microfinance institutions will further contribute to protecting the poor and vulnerable (WBG AP Pillar 2). IFC also plans to continue financing resilient firms in significantly affected sectors (WBG AP Pillar 3). IFC and IBRD worked together closely in the Country Private Sector Diagnostic (CPSD), and IFC provided key inputs to IBRD DPF support for policy and institutional reforms to support private sector-led growth over the medium terms (WBG AP Pillar 4).

7. Key adjustments to the MIGA program: In response to the crisis, MIGA's focus has shifted towards shorter-term investments to provide working capital and liquidity support for sectors most severely impacted as part of MIGA's global COVID-19 response package² and to support Relief and Recovery (WBG AP Pillar 3). MIGA has issued guarantees for a US dollar debt financing structure of up to \$ 385.5 million, supporting Colombia's development bank Bancoldex.³ In addition, MIGA issued its first sub-national Colombia Pesos (COP) denominated guarantee for COP 1.37 trillion (equivalent to US\$350 million) to support Bogotá's health sector which was under significant stress due to the COVID-19 pandemic. Currently, MIGA's focus has expanded to support sub-national and State-Owned Enterprises CAPEX investments for infrastructure projects that have been delayed due to the health crisis.

Selectivity, Complementarity, Partnerships

Coordination and collaboration with development partners continue and have been further strengthened. All partners jointly support Colombia in managing the COVID-19 crisis and laying the basis for a "re-building better" recovery. Since the start of the crisis in Colombia, the World Bank and IDB, CAF,

² MIGA's COVID-19 fast-track response focuses on: (i) Procurement of urgent COVID-19 medical supplies; (ii) Countering adverse economic impacts through credit enhancements/capital optimizations; (iii) Complementing IFC trade finance.

³ The Project aims to support Bancoldex efforts to increase access to credit through emergency liquidity funding to MSMEs.

UN, and some bilateral partners are coordinating international support through weekly meetings covering a broad range of sectoral, thematic, and financing topics. This close coordination facilitates both selectivity and a complementary support among partners. Selectivity was loosely based on the following criteria: responding to government priorities, capacity for timely delivery, and knowledge from the Bank to respond with high quality deliverables. For example, the World Bank and IDB are jointly supporting firm surveys and high-frequency data analysis, and their work and conclusions are then shared with other partners, to avoid duplication. In consultations among development partners and with the Government, Colombia's development bank Bancoldex is accessing mutually complementary support from MIGA, the IDB, and CAF. Meanwhile, the World Bank is continuing its close collaboration with partners in ongoing and new projects, including the co-financing or parallel financing of the (i) Metro Bogotá (World Bank, IDB, EIB); (ii) Plan Pazcífico and Multipurpose Cadaster projects (World Bank, IDB); (ii) DPLs (e.g. AFD for FY20 Territorial Development DPL); (iii) projects in environment/climate change (Germany, UK); (iv) grant financing for support on migration (e.g., Canada, GCF, GPG).

Annex 8. IFC investments committed or active during the CPF period

Note: Includes all projects with active status as of July 2015 up to June 2021.

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
	Ashmore Fund II	Growth Equity Fund	Ashmore Fund II	37375	2016	Active	Equity	25	-	25
	CI Alianza Fiduc	Growth Equity Fund	CI Alianza Fiduc	41957	2019	Active	Equity	11.5	-	11.5
	CI Reve	Growth Equity Fund	CI Reve	43527	2020	Active	Equity	15	-	15
			CI Reve RSE CR	44176	2020	Active	Equity	15.2	-	15.2
CDF	Liftit	Other (Including General Freight Trucking)	ESIP Liftit 2018	41635	2019	Active	Equity	2.8	-	2.8
			Liftit B Bridge	43867	2020	Active	Equity, Loan	0.5	-	0.5
		Other Support Activities for Transportation (Grain Terminals, Cargo Terminals)	liftit Series B	44144	2020	Active	Equity	2.2	-	2.2
	MAS Fund III	Growth Equity Fund	MAS Fund III	32832	2014	Active	Equity	15	-	15
	Tribeca Fund I	Growth Equity Fund	Tribeca Fund I	25852	2008	Active	Equity	15	-	15
FIG	Bancamia	Commercial Banking - Microfinance	Bancamia Bond	35730	2015	Active	Loan	47	-	47
			Bancamia II	28240	2010	Active	Equity	10	-	10

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
		Microfinance and Small Business - Non Commercial Banking	DCMBancamiaBond2	37072	2016	Closed	Loan	14.2	11.9	26.1
	BANCOLOMBIA I	Commercial Banking - General	DCM BCBGreenBond	38731	2017	Active	Loan	117.1	-	117.1
		Commercial Banking - Risk Mgmt Facility	BANCOSEF	30121	2012	Active	Guarantee	28	-	28
	BBVA Colombia	Commercial Banking - SME Finance	BBVA Col SMEs	40615	2018	Active	Loan	150	-	150
		Commercial Banking - Trade	GTFP BBVA Colomb	29839	2010	Active	Guarantee	105.6	-	105.6
	BCSC	Commercial Banking - Microfinance	BCSC	10739	2002	Active	Equity	7	-	7
			BCSC Conversion	27970		Active	Equity	-	-	-
			BCSC RI	24789	2006	Active	Equity	12.7	-	12.7
	BMM	Microfinance and Small Business - Non Commercial Banking	DCM BMM Bond	38847	2017	Active	Loan	27.2	13.1	40.3
	CHMC	Secondary Mortgage Institutions	CHMC – NPL	22764	2004	Active	Guarantee	7.7	-	7.7
			TC	4156	2002	Active	Equity, Loan, Guarantee	28.8	1,515.80	1,544.60
	Corpbanca Colomb	Commercial Banking - General	CFAmalia subdebt	32916	2014	Active	Loan	42.5	110.9	153.4

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
	Credifinanciera	Other Non-Banking Financial Institution (NBFI)	DCM CFBond	40940	2020	Active	Loan	10.2	18.9	29.1
			Credivalores	31726	2013	Active	Loan	25	-	25
	Credivalores	Other Non-Banking Financial Institution (NBFI)	Credivalores II	36172	2015	Active	Loan	20	-	20
			CredivaloresSwap	40568	2018	Active	Swap	7.3	-	7.3
			CredivaloreSwap2	41063	2018	Active	Swap	0.8	-	0.8
	DARP COVINOC SA	Distressed Assets Servicer	DARP Covinoc EQ	27745	2009	Active	Equity	5	-	5
	DARP NPL PA REINTEGRA	Distressed Assets SPV	DARP NPL R2	45822		Active	Loan	-	-	-
	DARP NPL Reinteg	Distressed Assets SPV	DARP NPL Reinte2	44836	2021	Active	Loan	30	38.2	68.2
	DARP SPV CC	Distressed Assets SPV	DARP SPV B LOAN	34523	2014	Active	Debt	-	48	48
			DARP SPV CC	33367	2014	Active	Equity, Loan	60	-	60
	DARP SPV Covinoc	Distressed Assets SPV	DARP SPV Covinoc	30561	2011	Active	Loan	30	-	30
	DARP SPV Reinteg	Distressed Assets SPV	DARP – Reintegra	29958		Active	Equity, Loan	25	-	25
			Amboro swap	43508	2020	Active	Swap	7.5	-	7.5
	DAVIVIENDA I	Commercial Banking - General	Davivienda EQ	25520	2007	Active	Equity, Loan	140	100	240
			DCM DavGreenBond	39057	2017	Active	Loan	150	-	150
		Commercial Banking - Housing Finance	Amboro	43097	2020	Active	Loan	360	125	485

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
		Commercial Banking - Trade	GTFP BANCO DAVIV	34280	2014	Active	Guarantee	7.9	-	7.9
	DCM Kandeo PDF	Other Non-Private Equity Fund	DFP Kandeo 3D	42655	2021	Active	Equity	20	-	20
	FDN	Development Finance Company	FDN EQ	33862	2015	Active	Equity	98.2	-	98.2
			FDN EQ RI 2017	40756	2018	Active	Equity	7.8	-	7.8
		Commercial Banking - Consumer Finance	Finandina Loan 1	36893	2016	Closed	Loan	32.2	-	32.2
	Finandina	Commercial Banking - Digital Finance [Project only]	Finandina Loan 2	42526	2019	Active	Loan	50	-	50
			Finandina Swap	42917	2020	Active	Swap	1.8	-	1.8
			Finandina	26257	2008	Active	Equity	16.2	-	16.2
			GFO Loan	32071	2013	Active	Loan	5	-	5
	GFO	Other Non-Banking Financial Institution (NBFi)	GFO Loan II	40028	2018	Closed	Loan	5.1	15	20.1
			GFO LoanII BSwap	40997	2018	Closed	Swap	0.3	-	0.3
			GFO LoanII Swap2	41711	2019	Closed	Swap	0	-	0
			GFO LoanII Swap3	42137	2019	Closed	Swap	0.3	-	0.3
	Giros y Finanzas	Microfinance and Small Business - Non Commercial Banking	Giros y Finanzas	26538	2009	Active	Loan	6	-	6
	Itau Corpbanca Colombia	Commercial Banking - General	Itau-CBC Subdebt	40562	2018	Active	Loan	80	25	105

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
	Kandeo Fund II	Growth Equity Fund	Kandeo Fund II	34990	2015	Active	Equity	20	-	20
	MIBANCO PERU	Microfinance and Small Business - Non Commercial Banking	EdyficarIV child	37066		Active	Loan	-	-	-
	Multiactivos	Other	Multiactivos EQ	30826		Active	Equity	-	-	-
	Pichincha Colomb	Commercial Banking - General	Pichincha SL	36917	2016	Closed	Loan	40	30	70
		Commercial Banking - Risk Mgmt Facility	Pichincha B Swap	38611	2017	Closed	Swap	0.9	-	0.9
	SPV New Credit2	Distressed Assets SPV	DARP New Credit2	35061	2015	Active	Loan	30	-	30
	SUAM Col S.A.	General Insurance (Non-Life)	SUAM Colombia	33982		Active	Equity	-	-	-
	Tranza Holdings LLC	Retail Payment Points	Movi	42162		Active	Equity	-	-	-
	Ashmore Collninfra	Infrastructure Fund	Ashmore Collninfra	29171	2011	Active	Equity	20	-	20
	Avantel BVI	Broadband - Retail	Avantel LTE RI 1	38233	2016	Closed	Equity	1.7	-	1.7
			Avantel LTE RI 2	40015	2018	Closed	Loan	4.6	-	4.6
		Mobile Telephony	Avantel LTE	33688	2014	Active	Equity	15	-	15
INR	Bogota Muni	Highway Operations (Includes Toll Roads)	Bogota Streets	26473	2009	Active	Loan	45	-	45
		Municipal Finance - Transport and Roads [Project only]	Bog Caracas Sur	38347	2020	Active	Loan	110	-	110

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
			Bog Transmicable	39772	2020	Active	Loan	30	-	30
	Caruquia	Small Hydro (<10MW) - Renewable Energy Generation	Century CarSwap2	31442	2012	Active	Swap	0.4	-	0.4
Century Caruquia			26399	2009	Active	Loan	7.7	-	7.7	
Century CaruSwap			28065	2010	Active	Swap	0.4	-	0.4	
	Celsia Colombia	Renewable Energy Holding Companies	DCM EPSA GreenBo	39800	2019	Active	Loan	71.2	71.2	142.4
	Colombian Mines	Gold	El Dovio	34112	2014	Active	Equity	0.9	-	0.9
	Compas	Port and Harbor Operations	MEB Port	25895	2008	Active	Loan	15	-	15
	DCM InfraCDV Col	Other Non-Fund	DCM InfraCDV Col	36032	2016	Active	Equity	48.3	302.8	351.1
	EcoOro	Gold	Eco Oro RI	36585	2015	Active	Equity	0.3	-	0.3
			EcoOro	27961	2009	Active	Equity	14.5	-	14.5
	EEPP DE MEDELLIN	Integrated Utilities	EPM AB Loan	27985	2012	Active	Loan	25	324	349
	EI	Heavy Fuel Oil - Thermal Power Generation	Termo Rubiales	27780	2010	Active	Loan	16.5	-	16.5
	EIA	Broadband - Retail	EIA Sub Cable	31655	2013	Active	Loan	10	-	10
	Elecnorte	Electric Power Transmission	CI Elecnorte	39254	2020	Active	Loan	12.7	79.8	92.5
			Elecnorte Swap	42879	2020	Active	Swap	2.6	-	2.6
	Gran Tierra	Oil and Gas Exploration	Gran Tierra	38088		Closed	Equity	-	-	-

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
	Guanaquitas	Small Hydro (<10MW) - Renewable Energy Generation	Century Guanaqui	27520	2009	Active	Loan	7.9	-	7.9
Century GuanSwap			28066	2010	Active	Swap	0.4	-	0.4	
Century GuaSwap2			31443	2012	Active	Swap	0.4	-	0.4	
MovilRed		Retail Payment Points	MovilRed	33942	2014	Active	Equity	10	-	10
Pacific Infra	Port and Harbor Operations	Pacific Infra	31612	2014	Active	Equity	56.3	81	137.3	
		Pacific Infra RI	37777	2016	Closed	Equity	2	-	2	
		Pacific InfraRI2	39243	2017	Closed	Loan	1	-	1	
PacificMidstream		Oilfield Services	PacificMidstream	34553	2015	Active	Equity	75	292.5	367.5
PETROAMERICA OIL		Oil and Gas Exploration	Petroamerica	37473		Closed	Equity	-	-	-
PetroNova		Oil and Gas Exploration	PetroNova	32075	2013	Active	Equity, Loan	15	9.6	24.6
Recaudo Bogota	Retail Payment Points	Recaudo Bogota	31907	2013	Active	Loan	55	121	176	
		Recaudo Swap	33402	2013	Active	Swap	7.5	-	7.5	
SMITCO		Port and Harbor Operations	SMITCO	28544	2010	Active	Loan	16.8	-	16.8
TCBuen	Port and Harbor Operations	TCBuen	28479	2011	Active	Loan	34	117	151	
		TCBuen II	32481	2014	Active	Loan	20	70	90	
Transambiental	Transit and Ground Passenger Transportation	Transamb_Swap	38051	2017	Closed	Swap	1.2	-	1.2	
		Transambiental	36340	2016	Active	Loan	16.7	33.8	50.5	

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
			VMCo B Loan In	37975	2016	Active	Debt	-	6	6
		Mobile Telephony	VMLA – Colombia	32532	2013	Active	Loan	14	-	14
			VMLA COL Swap II	39210	2017	Closed	Swap	0.3	-	0.3
	VM Colombia	Other (Including Satellite Telecommunications, Radio and Television Broadcasting, etc.)	VMLA - COL-Swap	34742	2014	Active	Swap	0.4	-	0.4
	Z Franca Celsia	Gas - Thermal Power Generation	Termoflores	27396	2010	Active	Loan	52.5	35	87.5
	Abocol	Nitrogenous Fertilizer	Abocol	26175	2009	Active	Loan	30	-	30
	Alqueria	Dairy Products	Alqueria	28492	2010	Active	Equity, Loan	20	-	20
			Alqueria II	39308	2018	Closed	Equity, Loan	20	-	20
MAS	Ara Tiendas	Retail (Including Supermarkets, Grocery Stores, etc.)	Ara Tiendas I	40643	2019	Active	Loan	93	-	93
			RSE COVID Ara	44238	2021	Active	Loan	95	-	95
	Cartones America	Paper Packaging Products (Including Boxes, Cartons, etc.)	Cartones II	25569	2007	Active	Loan	15	-	15
	Carvajal S.A.	Paper for Printing and Writing	Carvajal II	24696	2006	Active	Loan	50	-	50
			Carvajal S.A.	20932	2005	Active	Equity, Loan	70	-	70

Industry	Institution	Tertiary Sector Name	Project	Project ID	CMTD FY	Project Status FY21	Type	IFC O/A CMTD	Mob CMTD	Total CMTD
	CEmpaques	Other Plastic and Rubber Products	CEmpaques II	32471		Active	Equity	-	-	-
	Fundacion Cardio	Hospitals and Clinics	Fundacion Cardio	30454	2012	Active	Loan	30	-	30
	Javeriana	Colleges, Universities, and Professional Schools	Unijaveriana	37307	2017	Active	Loan	30	-	30
	Procafecol	Coffee, Cocoa, Tea	Procafecol	25897	2007	Active	Equity	20	-	20
	Propal S.A.	Pulp Mills	CPulp	34587		Active	Equity	-	-	-
	Sac-Be Col	City and Business Hotel	City Colombia	32051	2012	Active	Loan	12.7	12.7	25.4
	Serena del Mar	Hospitals and Clinics	Serena del Mar	31477	2015	Active	Loan	20	-	20
	Sinu	Plantation Forests	Sinu	41152	2019	Active	Loan	15	-	15
	TRIADA SAS	Construction and Real Estate	Triada LIH	31366	2013	Active	Equity, Loan	10	-	10
	Unimed Malta	Pharmaceuticals and Medicine Manufacturing	Carnelian	39029	2018	Active	Equity	90	-	90
	Uniminuto	Colleges, Universities, and Professional Schools	Uniminuto	27689	2010	Active	Loan	8	-	8
	USTA	Colleges, Universities, and Professional Schools	Santo Tomas	40421	2018	Active	Loan	25	-	25

Annex 9. IFC Advisory Services committed or active during the CPF period

Note: Includes all projects with active status and minimum pre-implementation stage as of July 2015 up to June 2021

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
CAS-Other	CLAAS- G&A - Colombia Office	599606	ACTIVE	OTHER	Implementation (Execution)	-	-
CTA-CFS	Ribera Salud S.A.	602371	CLOSED	COMPLETED	Post implementation	2018	2019
	Bogota Health	602077	ACTIVE	COMPLETED	Post implementation	2017	-
	Colombia Infrastructure Development Fund	599983	ACTIVE	PORTFOLIO	Implementation (Execution)	2014	-
	Colombia Schools	600922	ACTIVE	PORTFOLIO	Implementation (Completion)	2016	-
CTA-PPP	Colombian Roads Concession Program	591668	CLOSED	COMPLETED	Post implementation	2012	2016
	Cucuta Metro Area Wastewater Treatment Plants	605571	ACTIVE	PORTFOLIO	Implementation (Execution)	2021	-
	Medellin Fixed Broadband Inclusion Project	605572	ACTIVE	PIPELINE	Pre-implementation	-	-
EFI	Colombia Secured Transactions and Collateral Registries	595287	CLOSED	COMPLETED	Post implementation	2012	2016
	Colombia Taxes	599785	ACTIVE	COMPLETED	Post implementation	2014	-

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
	Investment Policy Colombia	601492	CLOSED	COMPLETED	Post implementation	2016	2020
	National Plan Colombia	563628	CLOSED	COMPLETED	Post implementation	2009	2013
EPS-CEA	Colombia Country Private Sector Diagnostic	604735	ACTIVE	PIPELINE	Pre-implementation	-	-
EPS-DEI	Uniminuto Results Measurement	600355	CLOSED	COMPLETED	Post implementation	2014	2016
EPS-GB	Green Building Code Colombia	584507	ACTIVE	COMPLETED	Post implementation	2012	-
	LAC Green Building	604818	ACTIVE	PORTFOLIO	Implementation (Execution)	2020	-
	CG Colombia Project	600515	CLOSED	COMPLETED	Post implementation	2015	2021
ESG-CG	Integrated Environmental, Social & Governance Program to Unlock Investments in Colombia	605342	ACTIVE	PIPELINE	Pre-implementation	-	-
FIG	Asset-Based Lending Colombia and Mexico	604804	ACTIVE	PORTFOLIO	Implementation (Execution)	2020	-
	Bancamia MFS	599149	CLOSED	COMPLETED	Post implementation	2013	2017

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
	Financial inclusion of FDP in Colombia and Peru	606048	ACTIVE	PIPELINE	Pre-implementation	-	-
	LAC Climate Finance Program Development	601395	CLOSED	PIPELINE	Pre-implementation	-	-
	Latin American Financial Infrastructure	600865	ACTIVE	PORTFOLIO	Implementation (Execution)	2016	-
	Private Sector Solutions for FDPs - LAC	604996	ACTIVE	PIPELINE	Pre-implementation	-	-
	SEF Colombia	581507	CLOSED	COMPLETED	Post implementation	2011	2018
	SME Debt Funds Colombia	606403	ACTIVE	PIPELINE	Pre-implementation	-	-
	Strengthening the value proposition of Bancamia for legal FDP Venezuelans in Colombia	605426	ACTIVE	PORTFOLIO	Implementation (Execution)	2021	-
	Bogota E&S Capacity Building	606454	ACTIVE	PIPELINE	Pre-implementation	-	-
INR	Colombia Artisanal and Small Scale Miners Partnerships	601161	TERMINATED	OTHER	Pre-implementation	-	2017
	Colombia Cities	601968	TERMINATED	OTHER	Pre-implementation	-	2018

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
	Colombia Cities Covid-19	605715	ACTIVE	PIPELINE	Pre-implementation	-	-
	Digitalization of Power Utilities in LAC	605568	ACTIVE	PIPELINE	Pre-implementation	-	-
	EcoOro Enhancing Royalties Investments	571029	CLOSED	COMPLETED	Post implementation	2010	2016
	EPM Solid Waste Management Advisory	605975	ACTIVE	PORTFOLIO	Implementation (Execution)	2021	-
	Framework for e-mobility financing and business models in Colombia	605419	ACTIVE	PIPELINE	Pre-implementation	-	-
	Green last-mile urban freight delivery services LAC	605415	ACTIVE	PIPELINE	Pre-implementation	-	-
	INR AS LAC Umbrella	602021	CLOSED	PIPELINE	Pre-implementation	-	-
	LAC CITIES PLATFORM	600891	CLOSED	PIPELINE	Pre-implementation	-	-
		604022	ACTIVE	PORTFOLIO	Implementation (Execution)	2019	-
	Logistics in LAC	605925	ACTIVE	PIPELINE	Pre-implementation	-	-

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
	Mainstreaming Gender in LAC Infrastructure and Mining	605577	ACTIVE	PIPELINE	Pre-implementation	-	-
	Royalties for Innovation and Competitiveness	599085	CLOSED	COMPLETED	Post implementation	-	2017
	Assessment of the Palm Oil Sector in Colombia	600640	CLOSED	COMPLETED	Post implementation	2015	2017
	Colombia Cocoa	603625	ACTIVE	PORTFOLIO	Implementation (Execution)	2021	-
	Colombia Forestry	605458	ACTIVE	PIPELINE	Pre-implementation	-	-
	Colombia Rice	605066	HOLD	PIPELINE	Pre-implementation	-	-
	Colombia Textiles & Apparel	606309	ACTIVE	PIPELINE	Pre-implementation	-	-
MAS	Colombia-Climate Smart Dairy	602223	TERMINATED	OTHER	Implementation (Execution)	2018	2019
	Colombia-Sustainable Beef	602126	ACTIVE	PORTFOLIO	Implementation (Execution)	2019	-
	D4TEP LAC Roll-Out	605973	ACTIVE	PIPELINE	Pre-implementation	-	-
	Forest First Colombia	605071	CLOSED	COMPLETED	Post implementation	-	2021
	Orinoquia Agribusiness Diagnostic and Scoping	603993	ACTIVE	PIPELINE	Pre-implementation	-	-

Industry	Project Name	Project ID	Project Status FY21	Project Stage FY21	Advisory Portal Project Stage	FY of Implementation Plan Approval	FY Completion or Dropped/Terminated
	Soy backward integration Grupo BIOS	606250	ACTIVE	PIPELINE	Pre-implementation	-	-
	Boosting Innovation and Entrepreneurship in Colombia	606182	ACTIVE	PIPELINE	Pre-implementation	-	-
REG	Colombia Productivity	603466	ACTIVE	PORTFOLIO	Implementation (Execution)	2019	-
	Colombia Productivity and Jobs	602682	ACTIVE	PIPELINE	Pre-implementation	-	-

END OF THE CLR

Annex 3. Colombia: Selected Indicators of IBRD Portfolio Performance and Management

As of Date 10/19/2023

Indicator	FY21	FY22	FY23	FY24
Portfolio Assessment				
Number of Projects Under Implementation ^a	15.0	16.0	15.0	15.0
Average Implementation Period (years) ^b	3.8	3.7	4.0	4.3
Percent of Problem Projects by Number ^{a,c}	6.7	12.5	13.3	13.3
Percent of Problem Projects by Amount ^{a,c}	4.0	3.9	4.6	4.6
Percent of Projects at Risk by Number ^{a,d}	6.7	12.5	13.3	13.3
Percent of Projects at Risk by Amount ^{a,d}	4.0	3.9	4.6	4.6
Disbursement Ratio (%) ^e	14.2	9.7	3.2	0.9
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	181	6
Proj Eval by IEG by Amt (US\$ millions)	23,964.8	2,227.5
% of IEG Projects Rated U or HU by Number	21.8	16.7
% of IEG Projects Rated U or HU by Amt	15.6	7.1

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the IBRD's portfolio at the beginning of the year.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4. Operations Portfolio (IBRD/IDA and Grants)

As of Date 10/19/2023

Closed Projects	238
<hr/>	
IBRD/IDA*	
Total Disbursed (Active)	2,972.69
of which has been repaid(1)	2.98
Total Disbursed (Closed)	27,500.67
of which has been repaid	15,933.77
Total Disbursed (Active + Closed)	30,473.36
of which has been repaid	15,936.75
Total Undisbursed (Active)	643.76
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	643.7641413

Active Projects		Last PSR		Original Amount in US\$ Millions						Difference Between Expected and Actual Disbursements^a	
Project ID	Project Name	DO	IP	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
P165300	Bogota Metro Project	MS	MS	2019	70.0	0.0		0.0	69.9	69.9	52.4
P144271	CO Forest Conservation in the Amazon	MS	MS	2015	0.0	0.0	40.8	0.0	18.4	0.0	3.8
P176650	Colombia Cat DDO III	S	S	2022	300.0	0.0		0.0	0.0	0.0	0.0
P180566	Colombia: Equitable Path DPF	--	--	2023	750.0	0.0		0.0	0.0	0.0	0.0
P180033	Colombia Green and Resilient DPO	--	--	2023	1,000.0	0.0		0.0	0.0	0.0	0.0
P176505	Colombia: Inclusive Migration DPF	--	--	2022	500.0	0.0		0.0	0.0	0.0	0.0
P156239	CO PAZcífico: WSBS Infrastructure Proj	U	MU	2017	126.7	0.0		0.0	102.9	102.9	24.1
P123879	CO Subnational Institut. Strengthening	MS	MS	2014	70.0	0.0		14.8	6.1	20.9	3.1
P156880	Enhancing Waterway Connectivity and Wz	MU	MU	2018	41.9	0.0		0.0	35.6	35.6	26.1
P169866	Improving Health Quality and Efficiency	MS	S	2020	150.0	0.0		0.0	35.9	35.9	11.0
P162594	Multipurpose Cadastre Project	S	MS	2019	100.0	0.0		0.0	67.1	15.9	-2.9
P167830	Orinoquia Sustainable Landscapes	MS	MS	2020	0.0	0.0	5.9	0.0	3.9	2.7	0.7
P176006	PROMISE	S	S	2022	80.0	0.0		0.0	50.7	5.7	0.0
P172535	Resilient and Inclusive Housing Project	MS	MS	2021	100.0	0.0		0.0	95.8	58.2	0.0
P160446	Tertiary Education Financing	S	MS	2017	320.0	0.0		0.0	157.3	-2.7	117.1
Overall Result					3,608.6	0.0	46.7	14.8	643.8	345.1	235.5

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 5. (A) Colombia: IFC Investment Operations Program

As of 10/18/2023

(In USD Millions)

(A) IFC Investment Operations Program

	FY21	FY22	FY23	FY24
<u>Commitments (US\$m)</u>				
IFC and Core Mobilization	183.2	664.5	1,064.8	252.6
IFC Own Account	145.0	429.3	550.8	50.0
<u>Commitments by Sector (%) - IFC Own Account</u>				
Chemicals	-	7.0	-	-
Collective Investment Vehicles	13.8	-	16.6	-
Construction and Real Estate	-	11.4	4.0	-
Education Services	-	-	3.1	-
Electric Power	-	34.9	-	-
Finance & Insurance	20.7	46.6	76.3	100.0
Transportation and Warehousing	-	<0.1	-	-
Wholesale and Retail Trade	65.5	-	-	-
Total	100	100	100	100
<u>Commitments by Investment Instrument (%) - IFC Own Account</u>				
LOAN	65.5	95.3	69.8	100.0
QUASI LOAN	20.7	-	13.6	-
QUASI EQUITY	-	4.7	-	-
EQUITY	13.8	<0.1	16.6	-
Total	100	100	100	100

(B) Committed and Disbursed Outstanding Investment Portfolio*As of 10/18/2023***(In USD Millions)**

FY Approval	Company	COMMITTED				DISBURSED OUTSTANDING				
		Loan	Equity	Quasi ⁸⁷	GT/RM ⁸⁸	Loan	Equity	Quasi	GT/RM	Participant ⁸⁹
2019, 2021	Ara Tiendas	121.4	-	-	-	121.4	-	-	-	-
2011	Ashmore CollInfra	-	9.3	-	-	-	6.7	-	-	-
2016	Ashmore Fund II	-	2.2	-	-	-	1.1	-	-	-
2023	Banco Bogota	-	-	75.0	-	-	-	75.0	-	-
2017	Bancolombia I	86.2	-	-	-	86.2	-	-	-	-
2018, 2022, 2023, 2024	BBVA Colombia	350.1	-	-	-	350.1	-	-	-	100.0
2002, 2006	BCSC	-	25.2	-	-	-	25.2	-	-	-
2009, 2020	Bogota Muni	142.8	-	-	-	142.8	-	-	-	-
2019, 2022	Celsia Colombia	191.7	-	-	-	51.7	-	-	-	-
2019	CI Alianza Fiduc	-	7.6	-	-	-	6.2	-	-	-
2020	CI Reve	-	30.2	-	-	-	30.2	-	-	-
2023	Contactar	7.9	-	-	-	7.9	-	-	-	-
2023	Credicorp Capital	-	52.2	-	-	-	4.1	-	-	-
2020	Credifinanciera	2.5	-	-	-	2.5	-	-	-	-

⁸⁷ Reflects IFC financing of debt or equity instruments that are neither Straight Senior Loans nor Straight Equity investments.

⁸⁸ Reflects IFC financing of guarantees or client risk management products.

⁸⁹ Reflects disbursements from IFC to a Client for the account of a Participant (mobilization)

FY Approval	Company	COMMITTED				DISBURSED OUTSTANDING				
		Loan	Equity	Quasi ⁸⁷	GT/RM ⁸⁸	Loan	Equity	Quasi	GT/RM	Participant ⁸⁹
2009	DARP COVINOC SA	-	5.0	-	-	-	5.0	-	-	-
2022	DARP NPL PA REINTEGRA	-	-	26.7	-	-	-	7.5	-	-
2010, 2021	DARP NPL Reinteg	0.1	4.5	0.6	-	0.1	4.5	0.6	-	-
2017, 2018, 2020, 2023	DAVIVIENDA I	427.1	-	310.0	7.5	427.1	-	310.0	-	61.4
2016	DCM InfraCDV Col	-	34.5	-	-	-	30.8	-	-	-
2023	DCM InfraCDV Col2	-	42.4	-	-	-	0.0	-	-	-
2021	DCM Kandeo PDF	-	19.9	-	-	-	0.8	-	-	-
2015, 2016, 2018	FDN	-	48.9	-	-	-	48.9	-	-	-
2019, 2020	Finandina	15.4	-	-	1.5	15.4	-	-	1.5	-
2023	ISC-EWA II	-	1.5	-	-	-	0.6	-	-	-
2014, 2018	Itau Colombia	-	-	42.5	-	-	-	42.5	-	-
2015	Kandeo Fund II	-	12.2	-	-	-	12.2	-	-	-
2019, 2020, 2021, 2022	Lifitit	-	5.2	0.5	-	-	5.2	0.3	-	-
2014	MAS Equity III	-	6.0	-	-	-	4.7	-	-	-
2023, 2024	Nubank Colombia	71.2	-	-	-	71.2	-	-	-	202.6
2022	Procaps Group	-	61.1	-	-	-	61.1	-	-	-
2013	Recaudo Bogota	-	-	7.5	4.3	-	-	7.5	-	-
2015	Serena del Mar	-	-	15.6	-	-	-	15.6	-	-
2022	Siegfried Colombia	32.3	-	-	-	32.0	-	-	-	-

FY Approval	Company	COMMITTED				DISBURSED OUTSTANDING				
		Loan	Equity	Quasi ⁸⁷	GT/RM ⁸⁸	Loan	Equity	Quasi	GT/RM	Participant ⁸⁹
2019	Sinu	12.2	-	-	-	12.2	-	-	-	-
2016	Transambiental	5.3	-	-	-	5.3	-	-	-	-
2013, 2019	2016, Tranza Holdings LLC	-	10.0	-	-	-	10.0	-	-	-
2013, 2022	TRIADA SAS	-	-	10.3	-	-	-	-	-	-
2023	Uniminuto	17.7	-	-	-	-	-	-	-	-
2018	USTA	7.7	-	-	-	7.7	-	-	-	-
2022	Vatia	-	-	10.0	-	-	-	-	-	-
2022, 2023	Visum Inmobiliarias	Rentas 64.0	-	-	-	29.5	-	-	-	-
Grand Total:		1,555.4	377.7	498.9	13.3	1,362.9	257.14	459.0	1.5	364.0

Annex 6. Colombia: MIGA's Guarantee Portfolio

As of 09/30/2023

FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY15	Financiera del Desarrollo S.A. (Findeter)	Jan-15	Jan-25	\$ 19,000,000.0	This project involved an expansion of lending by Findeter to sustainable urban development projects, including in the areas of urban mobility, health and education infrastructure, housing services, and housing-related electricity and water supply in a number of cities across Colombia.
FY20	Banco Davivienda	Jun-20	Jun-30	\$ 47,500,000.0	This project consisted in the coverage of a non-shareholder loan from the OPEC Fund to Davivienda used primarily to (i) strengthen and diversify Davivienda's capital base; and (ii) support Davivienda's further on-lending to women-owned small and medium sized-enterprises (WSMEs), social housing and green building projects in Colombia.
FY22	COVID -19, Pilar 1	Nov-21	Nov-28	\$ 287,279,210.8	This project allowed the Government of Bogota to secure financing in local currency from an international lender at favorable terms, helping the city diversify its funding sources and provide dedicated resources to respond to the pandemic and strengthen the quality of healthcare infrastructure and services for the longer term.
FY22	Uraba Port	Jan-22	Feb-37	\$ 127,315,364.1	This project involved the establishment of a greenfield multipurpose private concession port facility located in the Gulf of Urabá, with a total investment of approximately US\$650 million.

FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY22	FDN Climate Finance Facility	Jun-22	May-32	\$ 379,009,441.5	This project supported FDN's local lending operations with a focus on climate finance infrastructure and road projects aiming at fostering and supporting economic recovery in Colombia after the COVID-19 pandemic, and laying out the basis for the stabilization, protection, and reactivation of the Colombian business base.
FY23	Financiera del Desarrollo S.A. (Findeter)	Sep-22	Sep-25	\$ 155,470,824.4	This project supported Findeter's local lending operations with a focus on climate finance infrastructure projects expected to foster and support green economic recovery in Colombia and in the key strategic social sectors of education and health that were severely impacted by the COVID-19 pandemic.
FY23	BANCOLDEX	Dec-22	Dec-25	\$ 497,381,954.1	This project consisted in the coverage of a loan from JPMorgan Chase Bank used by Bancoldex to on-lend through financial intermediaries (FIs) to support the liquidity of Micro, Small and Medium Enterprises (MSMEs) in Colombia, including through direct financing and refinancing, and thus support the restoration of economic activity as part of the post COVID-19 recovery phase.
Total Portfolio				\$ 1,512,956,794.9	