ove Office of Evaluation and Oversight

Approach Paper

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Contents

ABBREVIATIONS

CAF	Andean Development Corporation
CPE	Country program evaluation
DANE	Departamento Administrativo Nacional de Estadística [National Statistics Bureau]
FARC	Fuerzas Armadas Revolucionarias de Colombia [Revolutionary Armed Forces of Colombia]
FDI	Foreign direct investment
LMS	Loan Management System
MESEP	Misión para el Empalme de las Series de Empleo, Pobreza, y Desigualdad [Mission to Combine Employment, Poverty, and Inequality Series]
MFMP	Marco Fiscal de Mediano Plazo [Medium-term Fiscal Framework]
NSG	Non-sovereign guaranteed
OECD	Organisation for Economic Co-operation and Development
OPMAS	Operations Management System
OPS	Operations Department
OPUS	Operations Update System
OVE	Office of Evaluation and Oversight
OVEDA	Office of Evaluation and Oversight Data Analyzer
PBL	Policy-based loan
PRISM	Procurement Information System
SG	Sovereign guaranteed
TRS	Time Recording System

I. INTRODUCTION

1.1 As part of its 2014 annual work plan, the Office of Evaluation and Oversight (OVE) is preparing its evaluation of the country program with Colombia for the period spanning January 2011 to June 2014. This document sets out the proposed approach and planned methodology for the country program evaluation (CPE), which represents the fourth time that OVE will evaluate the Bank's program with Colombia. Previous evaluations covered the periods 1990-2002 (document RE-280), 1998-2006 (document RE-337), and 2007-2010 (document RE-393).

1.2 According to the Bank's Protocol for Country Program Evaluation (document RE-348-3), the main objective of a CPE is to "provide information on Bank performance at the country level that is credible and useful, and that enables the incorporation of lessons and recommendations that can be used to improve the development effectiveness of the Bank's overall strategy and program of country assistance." Like other CPEs, this evaluation seeks to take an independent look at the Bank's relationship with the country, for the dual purpose of strengthening accountability and facilitating learning, and is intended as an input for the new country strategy being prepared for the 2015-2019 period.

1.3 Early in the evaluation period, the Bank's Management developed a new country strategy model designed to sharpen the country focus and provide greater flexibility. New guidelines were issued to "recast the Country Strategy emphasizing the need for programming that is results focused, risk based, and uses a programmatic and flexible approach to respond to country priorities." Beyond these general principles, the new model's key components include: (i) a decoupling of the country strategy, which is to be prepared every four years, from the detailed programming, which is to be done annually; (ii) a new emphasis on sector notes; and (iii) a results matrix strengthened with more specific indicators and targets. These changes, including the impact of sector notes on strategy preparation and monitoring, will be taken into consideration in the evaluation.

II. CONTEXT OF THE COUNTRY PROGRAM

A. Background

2.1 Colombia is a middle-income country (GDP per capita of US$7,997) with an open economy, a highly commodity-centric export base, and a multiparty democracy. Colombia is the second most populous country in South America, with a little over 47 million people (after Brazil, with 201 million) and has the region's third largest economy (after Brazil and Argentina). In the last decade, Colombia has seen sustained positive economic performance. This is reflected in its relatively high, stable GDP growth rates as compared to the rest of Latin America, low inflation, strengthened public finances, and a marked reduction in poverty and unemployment levels. The strength of Colombia's macroeconomic indicators can be attributed chiefly to the government's pursuit of responsible, consistent economic policies, which helped to largely counteract the effects of the 2008-2009 global financial crisis and, more recently, the impact of weaker external demand in certain sectors.

2.2 As a result of greater stability and its good economic and financial performance, Colombia has positioned itself as one of the region's soundest economies, inspiring more confidence among foreign investors. In 2011, three of the major ratings agencies (Moody's, Fitch, and Standard & Poor's) gave Colombia an investment-grade rating. Also in 2011, Colombia applied for accession to the Organisation for Economic Co-operation and Development (OCDE). Among the factors conducive to accession is the potential for stronger, better public policies built upon greater institutional engagement, strengthening of the economy and governance, and enhanced transparency in public management.

2.3 These positive results notwithstanding, Colombia has not managed to make significant headway in the areas historically considered bottlenecks for its economic growth. The country continues to be plagued by an infrastructure deficit (Fedesarrollo, 2013), low productivity indicators (International Monetary Fund, 2013), a lack of competitiveness and diversification in the manufacturing sector, and relatively high rates of poverty, unemployment, informality, and inequality (OECD, 2013). Consequently, Colombia has been unable to improve its potential growth path or narrow disparities in income and regional development. Furthermore, while governance and modernization of the State took on special importance in the 2011-2014 period, and progress was made in a variety of areas (ranging from fiscal consolidation to improvements in the public investment system), several challenges still stand in the way of fully achieving an efficient public sector, such as difficulties in attracting and retaining high-quality human capital.[1]

2.4 Colombia's economic structure and growth pattern have shifted significantly in recent years, moving gradually from the production of agricultural and industrial goods—historically the main engines of growth—toward an increasing emphasis on services and the mining/energy sectors. Its dependence on commodities, which have seen the highest relative growth rates in the last decade, together with a decline in the industrial sector, are some of the factors that Colombia will have to address in seeking sustained economic growth. Colombia's increasing reliance on commodities (about 70% of exports) makes it more vulnerable to external shocks (such as an intensification of the global crisis, or a steep drop in commodity export prices). Moreover, the contribution of the industrial sector's value added to GDP has been shrinking consistently since the 1970s. Despite having a diversified industrial base driven by the domestic market—the result of the import substitution model pursued from the 1950s to the early 1990s—most industries were unable to develop enough to be competitive globally, and many underwent painful restructuring when the country began to open up its economy in the 1990s. The

[1] Source: OVE interviews with current and former executive-level public officials and IDB sector specialists.

industrial sector's weak performance in more recent years appears to reflect structural changes in foreign trade that have hurt the sector's profitability.[2]

2.5 Colombia has endured more than 50 years of armed civil conflict, with considerable adverse impacts on the economy and on its social fabric. President Juan Manuel Santos, leader of the center-right Partido Social de Unidad Nacional, took office in August 2010, succeeding Álvaro Uribe, who had been in power for eight years (2002-2010). In 2011, the administration signed into law the "Victims and Land Restitution Act" (Law 1448) as one of the mechanisms for enhancing recognition of the victims of armed conflict and providing them with comprehensive support. The government has also made progress in the peace negotiations with the Revolutionary Armed Forces of Colombia (FARC), the country's largest guerilla group, with the aim of putting an end to the armed conflict. Concerns persist, however, regarding the pace, timing, actors, and scope of the process. Also, the reconciliation process entails pressures from the fiscal expenditure side as well as from increased demands on the State to have a greater regional presence, beyond the economic and social benefits that would accompany an end to the armed conflict.

2.6 How the peace talks evolve will significantly affect the Bank's next country strategy with Colombia. In any event, a key issue to be addressed by the new administration is the delivery of services to groups displaced during the armed conflict—an estimated 5 million people. For the time being, the Bank has continued to build up its activities with subnational entities, in its strategy as well as in its operational work.

B. Economic growth drivers in the period

2.7 From 2011 to 2013, Colombia's average annual GDP growth was 4.6%, nearly a percentage point higher than the annual average for the 2007-2010 period, which was adversely affected by the 2008-2009 global financial crisis, as well as by the serious flooding caused by El Niño in 2010 (see Figure 1). The leading productive sectors contributing to GDP growth in the 2011-2013 period were mining/energy, construction, commerce, and financial services, which accounted for 65% of total growth.

[2] Based on the analysis in the International Monetary Fund (IMF) Staff Report for the 2014 Article IV Consultation, May 2014, Colombia's real exchange rate is broadly in line with fundamentals, and appreciation did not appear to have been a driver of recent manufacturing sector weakness. According to IMF staff estimates, in 2013 the Colombian peso was 8% to 13% overvalued in real terms. This overvaluation eased, however, as a consequence of the peso's real depreciation in the first months of 2014. Also, the peso's real appreciation vis-à-vis the currencies of Colombia's key manufacturing trade partners appears to have been more limited than the overall appreciation. Given this context, staff attributed the loss of profitability in the industrial sector to structural factors, specifically recent trade disruption with Venezuela and increased competition from Chinese companies.

Figures 1 and 2. GDP growth comparisons

Figure 1. GDP growth, inflation, and unemployment 2001-2013

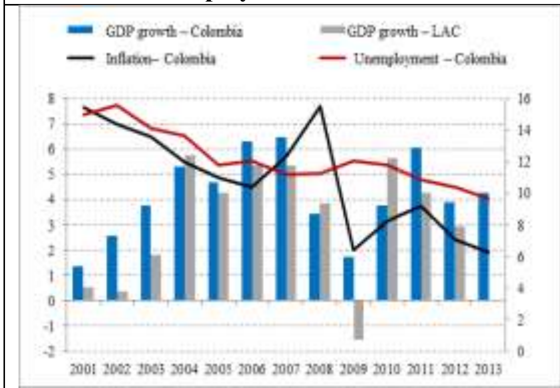
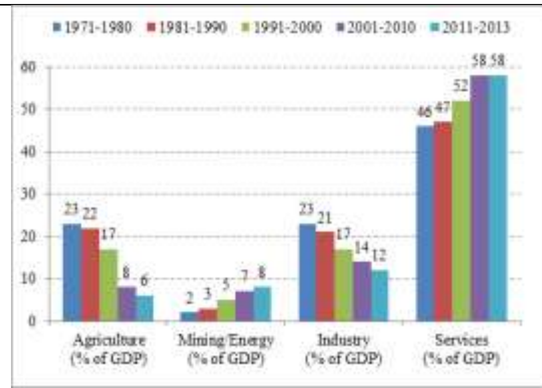


Figure 2. Value-added by sector as percent of GDP 1971-2013



Note: The "Agriculture" sector encompasses the agriculture, hunting, silviculture, and fisheries subsectors; Mining/Energy: ore, oil, power, and gas; Industry: manufacturing industries; and Services: financial services, transportation, public services, and other services.
Source: OVE calculations based on data from Colombia's National Statistics Bureau (DANE)

2.8 The mining/energy sector (including ore, oil, power, and gas) has been the leading engine of economic growth in recent years, averaging more than 8% of GDP from 2008 to 2012 (see Figure 2). The global boom in the mining and energy sectors has been driven by a combination of higher international prices between 2008 and 2012 and an upturn in local production resulting from increased mining activity and public policy reform relating to coal. This surge, financed largely by foreign direct investment (FDI), has translated into major fiscal and economic gains for the country, including higher tax revenue and availability of funds for subnational investment projects through the redistribution of royalties (Medium-term Fiscal Framework (MFMP), 2012 and 2013; Martínez and Aguilar, 2013; López et al, 2013). However, growth in the mining/energy sector in 2013 lagged behind that of previous years, owing to the fall in international commodity prices, easing of global demand, disruptions in coal production in the first half of the year, delays in environmental permitting processes, and illegal mining (MFMP, 2013).

2.9 FDI continued to expand considerably during the period, hitting a record US$16.722 billion in 2013 (nearly 4% of GDP), according to official figures from Colombia's central bank (Banco de la República). The largest share of FDI is concentrated in the mining/energy sector, which accounts for 32.1%, while 15.49% goes to the manufacturing sector, and a far smaller share to agriculture (1.7%).

C. Macroeconomic conditions and fiscal balance

2.10 Colombia's policy framework is sound, comprising an inflation targeting regime, a flexible exchange rate, effective regulation and supervision of the financial sector, and fiscal policy guided by a rule for the central government's structural balance. Economic growth is converging to potential, inflation is well anchored within the official target band of 2% to 4%, and strong capital inflows (primarily reflecting

FDI flows) have comfortably financed the external current account deficit, which is effectively stable.

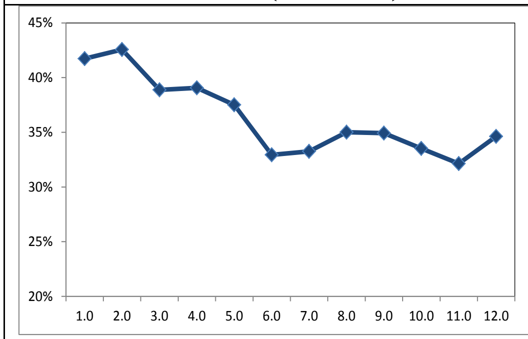
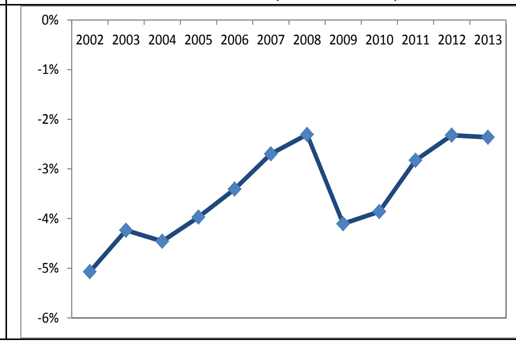
2.11 Colombia has made great strides in the fiscal arena, including efforts to lighten its debt burden. The central government deficit has declined steadily from 5% of GDP in 2002 to 2.3% in 2013 (see Figure 4). In the same time frame, the central government public debt also fell from 41.7% of GDP to 34.6% (see Figure 3). During much of the 2011-2014 period, the terms for access to external financing improved significantly as a result of the global decline in interest rates and a generalized compression of risk premiums.[3] Also, as a result of macroeconomic and fiscal improvements, the country regained its investment grade rating in 2011. Nevertheless, Colombia still faces major fiscal challenges relating to low tax receipts,[4] high dependence on commodity income, and constant public spending pressures owing to social security liabilities (e.g. health and public pension systems), transfers to subnational governments, natural disasters, and contingent liabilities resulting from lawsuits against the State.

2.12 During the evaluation period, the government has made substantial progress in implementing its fiscal reform program. In the first half of the presidential term, the Congress passed a series of important fiscal reforms, including: a fiscal rule that channels fiscal surpluses to a sovereign fund, a reform of the royalty system, a constitutional change on fiscal sustainability, tax reforms, and a reform to bolster the healthcare system and improve the efficiency of sector spending.

[3] In May 2013, the United States Federal Reserve began to discuss the possibility of tapering its purchases of long-term bonds, financial instruments, and mortgage-backed securities, which had a significant impact on emerging markets. In Colombia, yields on 10-year domestic debt initially rose by more than 200 basis points, though some of the losses were later recouped as the markets began to differentiate countries with strong macroeconomic fundamentals, like Colombia. In addition, the Colombian peso depreciated by about 7% between late May 2013 and early April 2014, and foreign exchange market volatility increased.

[4] Colombia has made headway in the implementation of fiscal reforms, but still has one of the region's lowest tax collection rates (13% in 2008-2012, World Bank), owing largely to the small size of the tax base and a complex system of differentiated rates.

Figures 3 and 4: Debt and deficit, 2002-2013

Figure 3: Central government public debt 2002-2013 (% of GDP)	**Figure 5: Central government deficit 2002-2013 (% of GDP)**
	

Source: Ministry of Finance.

D. Social sector

2.13 In the social sector, economic performance coupled with the introduction of social safety net programs led to a decline in poverty and in inequality over the last decade. Yet important challenges remain in these areas. According to official data (DANE), from 2002 to 2013 poverty fell from 49.7% to 30.6%, and extreme poverty eased from 17.7% to 9.1% (see Table 1). Despite these gains, poverty levels remain relatively high in comparison with other countries with similar per capita income. Rates of poverty, particularly extreme poverty, are higher in rural areas than in urban areas. In terms of income inequality, the Gini coefficient improved slightly between 2002 and 2013, from 0.57 to 0.54 (see Table 1), but is still one of the highest in the world.

Table 1: Poverty and inequality indicators, 2002-2013

	2002	2003	2004	2005	2008	2009	2010	2011	2012	2013
Poverty (%)	**49.7**	**48.0**	**47.4**	**45.0**	**42.0**	**40.3**	**37.2**	**34.1**	**32.7**	**30.6**
Urban (municipio towns)	45.5	44.9	43.7	41.1	37.2	36.0	33.3	30.3	28.4	26.9
Rural	61.7	56.8	58.3	56.4	56.6	53.7	49.7	46.1	46.8	42.8
Extreme poverty (%)	**17.7**	**15.7**	**14.8**	**13.8**	**16.4**	**14.4**	**12.3**	**10.6**	**10.4**	**9.1**
Urban (municipio towns)	12.2	11.2	10.0	9.1	11.2	9.9	8.3	7.0	6.6	6.0
Rural	33.1	29.0	29.1	27.8	32.6	28.6	25.0	22.1	22.8	19.1
Gini coefficient	**0.57**	**0.55**	**0.56**	**0.56**	**0.57**	**0.56**	**0.56**	**0.55**	**0.54**	**0.54**
Urban	0.55	0.54	0.54	0.54	0.54	0.53	0.54	0.53	0.51	0.52
Rural	0.52	0.47	0.44	0.46	0.49	0.47	0.47	0.46	0.47	0.45

Source: MESEP, based on the 2002-2005 Ongoing Household Survey; and the DANE General Integrated Household Survey.

2.14 Human capital deficiencies have been identified as one of the chief underlying causes of inequality and low productivity. Although Colombia has raised enrollment rates appreciably at the preschool, primary, and secondary levels, concerns remain regarding quality and educational outcomes. For instance, on the 2012 Programme for International Student Assessment (PISA) test, Colombia ranked 62nd in math among the 65 countries that took part (OECD, 2013). Enrollment at the college preparatory and higher education level remains a challenge, and the business community complains that graduates lack the skills needed to succeed in the job market. The labor market has seen historically high and persistent levels of unemployment. In recent years the jobless rate dipped below 10% (see Figure 1), but the participation of women continues to be low as compared to other countries with similar per capita incomes. Low educational achievement, together with high minimum wages and high labor costs, limit job opportunities for unskilled workers in the formal sector. The rate of informality ranges from 50% to 74%, depending on the measurement used (International Labour Organization, 2012; World Bank 2012).

III. COUNTRY DEVELOPMENT STRATEGY PLANNING AND THE BANK'S PROGRAM WITH COLOMBIA (2011-2014)

A. Country strategy planning instruments

3.1 Colombia's National Development Plan, established by law in 1991, is the principal instrument for medium-range strategic planning. The current plan, titled "Prosperidad para Todos 2010-2014" [Prosperity for All 2010-2014], is organized around four crosscutting themes, three pillars, and one necessary condition. The four crosscutting themes are: (a) innovation—in productive activities, in public-private collaboration, in institutional design and development, and in sustainable development management; (b) good governance—as a guiding principle in the implementation of public policies and social programs and in the citizen-government relationship; (c) international relevance—in markets, in diplomatic relations, and in the multilateral cooperation agenda; (d) environmental sustainability—as a priority for both society and the State, for climate change mitigation and adaptation. The plan also has three core pillars: (a) sustained growth, based on a competitive economy with vibrant sectors, (b) equal opportunities, regardless of sex, ethnic background, social position, or place of origin, and (c) consolidation of peace throughout the land, including respect for human rights and an efficient justice system. Lastly, "regional convergence," understood to mean the narrowing of regional and municipal disparities and the closing of opportunity gaps, is featured as a necessary condition for moving forward along the path to prosperity for all Colombians.

3.2 The Ministry of Finance's Economic and Fiscal Strategy for the 2010-2014 period set out 10 desired reforms intended to reinforce the country's macroeconomic framework in the medium term and to promote economic growth and employment: (i) a legislative bill addressing royalties, (ii) a fiscal sustainability bill, (iii) the fiscal rule for the total balance of the central government, (iv) formalization of employment and first-job incentives, (v) health system reforms, (vi) an adjustment of tax rules to promote competitiveness of the productive sector and improve tax revenue intake, (vii) tariff system reforms, (viii) measures to dampen the impact of revaluation, (ix) the Land-use Planning Act, and (x) the elimination of three zeroes from Colombia's currency.

B. The Bank's country strategy, 2012-2014

3.3 The Bank's country strategy for 2012-2014 is organized into 11 strategic areas of cooperation with the Colombian government, based on the priorities in the National Development Plan: (i) transportation; (ii) science, technology, and innovation; (iii) trade; (iv) access to financial services; (v) education and vocational training; (vi) social protection; (vii) health; (viii) water and sanitation; (ix) housing and urban development; (x) risk management; and (xi) governance, modernization of the State, and decentralization (see Table 2).[5] The approach of the 2012-2014 country strategy remains similar to that of the previous strategy (2007-2010) in that both highlight the importance of more strongly promoting sustainable economic growth while opening up further to global markets, and at the same time ensuring that a majority of the population participates in economic activity and benefits more equitably from the delivery of basic services.

Table 2: Summary of strategic priorities of the National Development Plan and the IDB's country strategy

National Development Plan objectives	IDB-supported sectors	IDB strategy objectives
Narrow infrastructure deficits and gaps in quality of transportation and logistical support services to grow the economy and further progress in a socially and environmentally sustainable manner.	**Transportation**	Implementation of National Logistics Policy
		Expand, improve, rehabilitate, and maintain road infrastructure
		Promote alternative road infrastructure investment and finance vehicles
		Implementation of National Urban Transportation Policy
		Implementation of National Road Safety Policy
Foster an innovation and entrepreneurial culture	**Science and technology**	Help narrow public and private investment gaps in science, technology, and innovation
Enhance financial services access and develop the capital market	**Access to financial services**	Increase the availability and variety of financial services
Bolster Colombia's global market positioning and share by means of trade agreements, prioritization of strategic partners, institutional, policy, and regulatory adjustments, and trade facilitation measures	**Trade and integration**	Promote and diversify the country's export offerings

[5] The 2007-2010 country strategy focused on three strategic areas based on the challenges described in the National Development Plan 2006-2010: (i) competitiveness, (ii) social development, and (iii) governance and strengthening of the State.

Reduce the education equity gap and ensure equal conditions for income generation by means of quality education with equity	**Education and vocational training**	Improve coverage and equity of quality education
Reduce poverty and inequality, ensuring that a social safety net is in place	**Social protection**	Support to most vulnerable population through social protection systems
Strengthen social protection actions, with an emphasis on the early childhood years		Support design and implementation of the comprehensive early childhood services strategy "*De Cero a Siempre*" [From Zero to Always]
Create an equal-opportunity environment for social prosperity in access to good-quality, sustainable universal health care	**Health**	Enhance health system quality and sustainability
Ensure access to water and sanitation services in most urban and rural areas of the country	**Water and basic sanitation**	Increase effective access to water and sanitation services, helping to deliver the Millennium Development Goals
Develop and deliver policies to enhance cities' environmental sustainability (emphasis on mid-sized cities)	**Urban development and housing**	Comprehensive neighborhood improvement
		Urban renewal
Strengthen housing as an engine of growth		Strengthen the National Low-income Housing Program
Adopt measures to build disaster resilience	**Risk management**	Make the country more disaster resilient by improving the regulatory, policy, and institutional framework for risk management
Strengthen public administration, good governance, and the fight against corruption	**Institutional capacity of the State**	Improve the quality of public administration
		Strengthen oversight
	Decentralization and subnational fiscal management	Further strengthen subnational fiscal responsibility
		Increase the subnational tax effort

C. The Bank's operations portfolio, 2011-2014

3.4 Colombia's financing needs average 6% of GDP per year. The IDB's country strategy envisaged annual approvals of US$852 million (sovereign-guaranteed lending only)—approximately 0.22% of GDP—during the strategy period (2012-2014). Bank support to Colombia has fluctuated considerably from year to year since 2001 (see Figure 5). Between January 2011 and December 2013, the Bank approved 28 new loan operations for a total of approximately US$2.362 billion (average annual approvals of US$787 million—see Figures 5 and 7—or about 18% of external public debt), of which sovereign-guaranteed (SG) loans represented 93.8%. About 54% of this amount (US$1.270 billion equivalent) was in the form of budget support (policy-based loans (PBLs)) (see Figures 6 and 7). The PBLs targeted the areas of health, labor markets, fiscal and municipal management, transportation, risk management, and the environment (see Annex 1). Additionally, some US$76 million was approved for six non-sovereign guaranteed (NSG) operations (including three private-sector investment loans and three private-sector guarantees) designed to foster access to financial services.

Figure 5. Annual approvals (US$ millions)

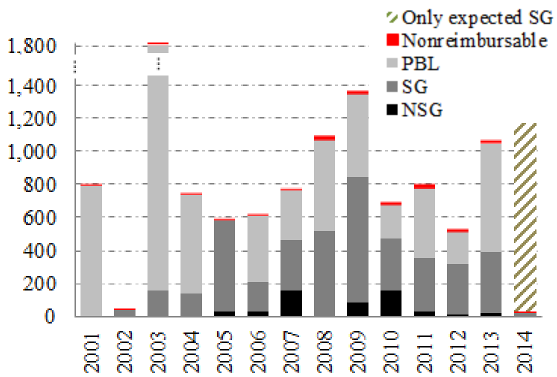
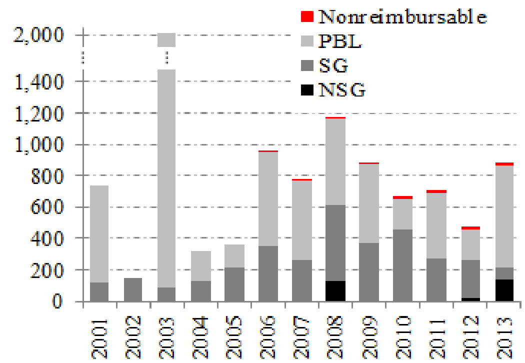


Figure 6. Annual disbursements (US$ millions)



Source: OVE/OVEDA and OPS. Current approved amounts.

3.5 In addition to the new loans approved from 2011 to 2013, the portfolio also includes 18 loan operations (14 SG and 4 NSG) approved prior to 2011 with an undisbursed balance of 20% of their approved amount as of January 2011 for a total of US$1,180,200,000 to be disbursed (see Figure 7 and Annex 1).

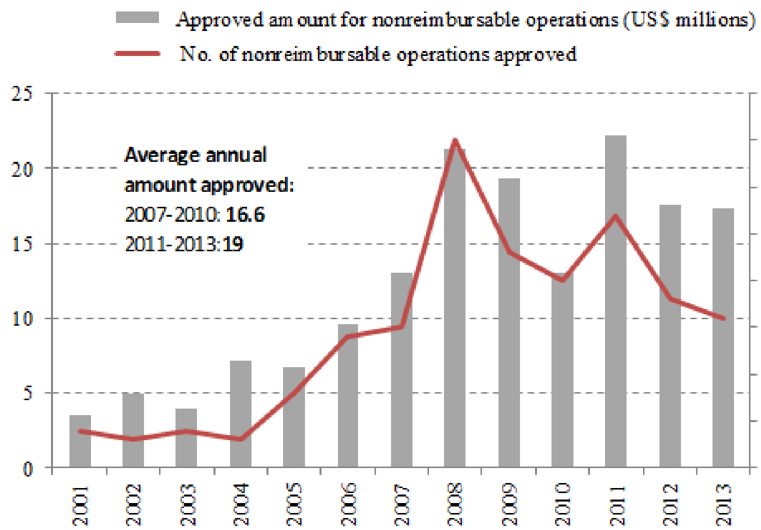
Figure 7. Active loans (December 2010) and loans approved in 2011-2013

		2010				2011-2013			
		Projects with ≥ 20% of amount undisbursed		Available balance (US$ millions)		Loans approved		Amount approved (US$ millions)	
Investment loans	Sovereign-guaranteed (SG)	**14**	78%	**923.2**	78%	**16**	57%	**1,016**	43%
	Non-sovereign guaranteed (NSG)	**4**	22%	**257**	22%	**6**	21%	**76**	3%
PBLs		-	-	-	-	**6**	21%	**1,270**	54%
	Total	**18**		**1,180.20**		**28**		**2,362**	

Source: OVE/OVEDA and OPS. Current approved amounts.

3.6 Average annual approvals (both number of operations and total amounts) for nonreimbursable operations grew considerably from 2008 to 2013, as compared with the previous period (2001-2007). The amount approved for nonreimbursable operations from 2011 to 2013 totaled approximately US$57 million (see Figure 8).

Figure 8. Nonreimbursable operations:
Approved amounts (US$ millions) and number



Source: OVE/OVEDA. Current prices.

D. Other development partners

3.7 The IDB, the World Bank, and the Andean Development Corporation (CAF) are Colombia's main multilateral lenders. Colombia currently has a Flexible Credit Line[6] from the International Monetary Fund and receives support from other development partners, including United Nations agencies, as well as official development assistance from countries such as Australia, Canada, the European Union, Japan, Korea, Norway, the United Kingdom, and the United States.

IV. Evaluation Scope and Focus

4.1 During the analysis period, the Bank was engaged in a wide range of sectors. Given the important lending support received through PBLs, the evaluation will pay special attention to associated technical-cooperation operations that funded any technical assistance or investment required to accomplish reforms.

4.2 Given OVE's mandate to provide timely lessons learned and recommendations for the next country strategy, this evaluation will focus on SG and NSG operations (Structured and Corporate Financing Department (SCF) and Opportunities for the Majority Sector (OMJ)) approved between January 2011 and June 2014, and on "legacy" operations active at the start of 2011. The evaluation will focus on nonreimbursable operations that are directly or indirectly related to loan operations, particularly ones that support PBLs.

[6] Thus far, three countries (Colombia, Mexico, and Poland) have used the Flexible Credit Line. To qualify, countries must have strong economic fundamentals and policy track records.

V. EVALUATION QUESTIONS

5.1 The CPE will assess whether the program implemented by the Bank from January 2011 to June 2014 has been consistent with Colombia's development needs as well as with the objectives set in the country strategy and the recommendations made in previous CPEs. The CPE will also examine how the Bank's program has evolved and adapted to the country's priorities. The overarching question posed by this evaluation is: "How effective was the Bank's support, given Colombia's circumstances, and to what extent did that support meet objectives?" This question is broken down into more specific facets relating to the relevance, implementation, effectiveness, and sustainability of Bank support to Colombia, as detailed below.

A. Relevance

5.2 Relevance refers to "the degree to which the design and objectives of the Bank strategy and program of assistance were consistent with the needs of the country and with the government's development plans and priorities" (document RE-348-3). Under this heading, the CPE will address the following questions:

- How consistent were the program's strategic objectives, as laid out in the country strategy, with Colombia's development challenges and with the government's priorities?
- How well aligned was the implemented program with the Bank's strategic objectives?
- To what extent did the Bank anticipate and respond to new development challenges and to structural changes in Colombia during the period under analysis?
- Given the IDB's limited involvement in financing public investment, was the Bank's support strategically targeted to key sectors?
- Given Colombia's credit rating upgrade to investment grade and its fiscal stability, how appropriate were the loans and support instruments used by the Bank?
- Since the country strategy seeks to encourage and enhance the participation of subnational entities and the private sector: What mix of instruments did the Bank use to engage those entities and promote private-sector-led growth? To what extent did constraints on the granting of central government guarantees hinder the chances of intensifying the relationship with subnational entities? What might potential alternatives be in this regard?
- How consistent was the Bank's program with the country's capacity and constraints (e.g. economic policy and delivery capacity)?

B. Implementation and effectiveness

5.3 In assessing implementation of the Bank's program, effectiveness refers to "the extent to which the assistance instruments achieved the intentions and objectives set [in the Country Strategy and Program]" (document RE-348-3).

1. Implementation

1. What factors explain the program's success or challenges faced during implementation? In which sectors were the implementation bottlenecks the most serious (e.g. infrastructure)?
2. How fully did the Bank explore the use of country systems (fiduciary and environmental management), especially in the areas of financial management (including external audits) and procurement? Did this collaboration lead to more efficient loan execution?

2. Effectiveness

1. To what extent did Bank-supported operations help to meet the Bank's strategic objectives, as set out in the country strategy?
2. To what extent did investment loans meet their objectives?
3. Were the reforms and institutional arrangements supported by the PBLs effective? How important were related technical-cooperation operations in supporting the quality of instituted reforms?
4. What was the value-added of operations involving subnational entities and the private sector?
5. How well has the Bank ensured the effectiveness of its operations through the timely identification and mitigation of risks? What did the Bank do to mitigate bottlenecks and risks (particularly those relating to institutional issues in the public sector)?

C. Sustainability and future outlook

5.4 Sustainability refers to "the likelihood that actual and anticipated results will be resilient to risks beyond the program period" (document RE-348-3). The evaluation will address the following questions:

1. What is the likelihood that the result of the Bank's interventions will be sustainable?
2. What lessons emerge from the Bank's current work/program with Colombia for the Bank's future relevance in the country?

VI. METHODOLOGY

6.1 To answer these questions, the evaluation will draw on various information sources. These include interviews with key stakeholders and informed observers, including current and former Colombian officials, IDB managers and staff (project team leaders and Bank sector specialists in particular), relevant representatives of other international agencies (notably the World Bank and the CAF), IDB project beneficiaries, and Colombian civil society representatives familiar with the country's development challenges or with the Bank's program. Data and information from the IDB and from other sources (particularly the Government of Colombia, Banco de la República, Colombia's National Planning Department, the World Bank, and the CAF) will be used to document and interpret the extent to which the targeted impact and outcomes of the country strategy and of the IDB-supported operations have or have not materialized, as well as any possible causal relationship vis-à-vis Bank-supported reforms.

6.2 OVE will also examine current and past country strategies, country programming documents, loan and grant proposals, monitoring and completion reports, project evaluations, and other relevant material produced by the Bank and the executing agencies. OVE will supplement the interviews and document review with a statistical analysis of the Bank's administrative databases. Databases used in the past have been: administrative budget (BUDGET), project preparation (OPUS), contractual conditions (OPMAS), procurement (PRISM), use of staff time (TRS), and financial transactions (LMS).

VII. STAFFING AND TIMELINE

7.1 The evaluation team consists of Leslie Stone, José Ignacio Sembler, Alejandro Soriano, María Elena Corrales, Oliver Azuara, Benjamin Roseth, Carlos Morales, Odette Maciel, Johanna Ramos, and Patricia Sadeghi.

7.2 The planned timetable for the evaluation is as follows:

Activity	Date
Evaluation missions	April and June/July 2014
First draft for OVE internal review	September 2014
Revised draft for government and Management comments	October 2014
Revised draft submitted to the Office of the Secretary (SEC) for final translation	December 2014
Discussion of CPE by the Board of Executive Directors	To be confirmed

Annex 1. Portfolio

Number	Title of operation	Year approved	Current amount approved (US$)	Type
2 projects approved in 2014				
CO-L1102	Citizen Service Efficiency Project *(approved)*	2014	20,000,000	
CO-L1138	Promotion and Extension of an Electronic Invoice in Colombia (approved)	2014	12,000,000	
CO-L1114	Support for Agricultural Innovation	2014A	100,000,000	
CO-L1129	Support MT for Transport Infrastructure Regional Plan	2014A	19,000,000	
CO-L1133	Fiscal and Public Expenditure Strengthening in Sub. Ent. - Barranquilla	2014A	100,000,000	
CO-L1140	Program for Institutional Strengthening of the Mines and Energy Sector	2014A	30,000,000	
CO-L1141	Support to the Health Sector Reform II	2014A	400,000,000	PBL
CO-L1142	Deepening the Fiscal Reform in Colombia	2014A	400,000,000	PBL
CO-L1146	Clinica Universitaria Medicina Integral (CUMI)	2014A	13,500,000	
CO-L1147	Bayport Colombia: Financial Inclusion for BOP Public Employees	2014A	50,000,000	
CO-L1148	Financial Access for BOP Public Employees	2014A	20,000,000	

Number	Title of operation	Year approved	Current amount approved (US$)	Type
28 projects approved between 2001 and 2013				
CO-L1089	CO-L1089 Promigas: Brilla Non-banking Financing Program	2013	20,000,000	
CO-L1096	Financing Program for the Technological Transformation of Bogota's Integrated Public Transportation System	2013	40,000,000	
CO-L1107	Comfama: Social Leasing for the Base of the Pyramid in Antioquia	2013	6,000,000	
CO-L1109	Support for National Logistics Policy Implementation	2013	15,000,000	
CO-L1111	Support for Implementation of the National Road Safety Policy	2013	10,000,000	
CO-L1124	CTF Energy Efficiency Financing Program for the Services Sector	2013	10,000,000	
CO-L1125	Program to Support the Sustainable Development of the Department of the San Andrés, Providencia, and Santa Catalina Archipelago	2013	70,000,000	
CO-L1126	Program to Strengthen the Public Investment System	2013	8,000,000	
CO-L1127	Support for Reform of the General Social Security Health Care System	2013	250,000,000	PBL
CO-L1128	Reform Program to Strengthen the National Human Capital Formation System - Phase II	2013	400,000,000	PBL
CO-L1131	Program to Support Public-Private Partnerships (PSPPP) in Infrastructure	2013	25,000,000	
CO-L1132	Bancóldex: Third Program for the Financing of Investment Projects, Productive Restructuring, and Export Development	2013	200,000,000	CCLIP
CO-L1093	Management Support Program for the Quality Education for Prosperity Plan	2012	46,000,000	
CO-L1094	Program to Promote Outsourced Services	2012	12,000,000	
CO-L1097	Program to Strengthen the Legal Defense of the State	2012	10,000,000	
CO-L1101	Supplementary Financing for the Integrated Mass Transit System (IMTS) for Santiago de Cali	2012	105,000,000	
CO-L1105	Rural Area Water Supply and Wastewater Management Program	2012	60,000,000	
CO-L1112	Reform Program to Strengthen the National Human Capital Formation System	2012	100,000,000	PBL
CO-L1116	FINDETER - Lending Program for Public Service Providers III	2012	75,000,000	CCLIP
CO-L1117	Consolidation Program for Subnational Fiscal Responsibility II	2012	100,000,000	PBL
CO-L1122	La Hipotecaria Regional Housing Finance – Colombia Loan	2012	10,000,000	
CO-L1123	La Hipotecaria Regional Housing Finance – Colombia Guarantee	2012	5,166,834	
CO-L1090	Program to Support the National Logistics Policy	2011	300,000,000	PBL
CO-L1091	Strategic Public Transportation Systems (SPTS) Program	2011	320,000,000	
CO-L1098	Program to Strengthen the Office of the Attorney General of the Nation—Phase Two	2011	10,000,000	
CO-L1100	Mortgage Loan Program for Low-income Families	2011	5,239,211	
CO-L1103	Disaster Risk Management and Climate Change Adaptation Reform Program	2011	120,000,000	PBL
CO-L1104	Bancolombia Green Guarantee Mechanism	2011	30,000,000	

Number	Title of operation	Year approved	Current amount approved (US$)	Type	Amount undisbursed (%) at Dec. 2010	Status
18 projects approved prior to 2011 and active in Dec. 2010 with at least 20% of proceeds undisbursed						
CO-L1052	FINDETER – Second Individual Loan for the Lending Program for Public Service Providers	2010	75,000,000	CCLIP	33%	COMPLETED
CO-L1059	Expansion of the Familias en Acción Conditional Cash Transfer Program - Phase II	2010	220,000,000	Multi-Ph	23%	COMPLETED
CO-L1092	Project to Strengthen The National Science, Technology, and Innovation System, Phase I	2010	25,000,000	Multi-Ph	100%	ACTIVE
CO-L1029	El Dorado International Airport	2010	165,000,000		100%	ACTIVE
CO-L1019	San Francisco-Mocoa Alternate Road Construction Project - Phase I	2009	53,000,000		100%	ACTIVE
CO-L1028	Water and Sanitation Program for the Municipio of Pasto	2009	27,800,000	Multi-Ph	100%	ACTIVE
CO-L1034	Medellín River Sanitation Program – Phase II	2009	450,000,000		100%	ACTIVE
CO-L1041	Project for Strengthening Judicial Services	2009	21,382,325	Multi-Ph	100%	ACTIVE
CO-L1076	Institutional Support for the Integrated Public Transport System	2009	10,000,000		100%	ACTIVE
CO-L1082	Second Individual Loan for the Financing of Investment Projects and Productive Restructuring and for Business and Export Development	2009	200,000,000	CCLIP	40%	COMPLETED
CO-L1080	EPM-UNE Social Financing Program	2009	10,000,000		100%	COMPLETED
CO-L1081	Ashmore Colombia Infrastructure Fund	2009	42,000,000		100%	ACTIVE
CO-L1086	Bancolombia S.A. - TFFP	2009	40,000,000		100%	ACTIVE
CO-L1018	Strengthening of Low-Cost Housing and Territorial Development Policy	2008	350,000,000		25%	COMPLETED
CO-L1022	Program to Assist the Ministry of Transportation in Execution of the Regional Road Plan	2008	10,000,000		40%	COMPLETED
CO-L1065	Program to Support Private Participation and Concessions in Infrastructure - Stage Three (PPCI-3)	2008	14,049,530		56%	COMPLETED
CO-L1010	Bogota Equity in Education Program	2006	60,000,000		58%	ACTIVE
CO-L1016	Road Program for Territorial Integration and Social Equity	2006	60,000,000		76%	ACTIVE