

Approach Paper

**Colombia
2015-2018**

Country Program Evaluation

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ABBREVIATIONS

CPE	Country Program Evaluation
DANE	Departamento Administrativo Nacional de Estadística [National Administrative Department for Statistics]
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
OECD	Organization for Economic Cooperation and Development
OVE	Office of Evaluation and Oversight
PBL	Policy-based loan
PND	Plan Nacional de Desarrollo [National Development Plan]
WEF	World Economic Forum

I. INTRODUCTION

- 1.1 **As part of its 2018 work program, the Office of Evaluation and Oversight (OVE) has prepared the IDB Group Country Program Evaluation (CPE) for Colombia for the period 2015-2018.**¹ This is OVE's fifth independent evaluation of the IDB Group's program in Colombia. Previous evaluations covered the periods 1990-2002 (document RE-280), 1998-2006 (document RE-337), 2007-2010 (document RE-393), and 2011-2014 (document RE-477). Box 1.1 presents the recommendations from the last CPE.

Box 1.1. Recommendations from OVE's evaluation of the Bank's country program, 2011-2014:²

1. Strengthen the design, monitoring, and completion of policy-based loan (PBL) series to avoid interruptions in the Bank's comprehensive support for priority sectors and ensure that development objectives are met in a sustainable manner. When PBL series are interrupted, it is recommended that these be removed from the lending program and that a project completion report be prepared for the truncated series.
2. Strengthen risk analysis during project design and periodically reevaluate and reprioritize the lending program based on dialogue between the Bank and the Government of Colombia, with a view to lowering the cost of projects prepared but unapproved or canceled.
3. To lower the cost to the Bank of the program of technical cooperation operations, give priority to those linked to the Bank's strategy and lending program and increase the proportion of new technical cooperation operations executed by the client. In providing technical assistance, "fee-for-service" instruments may be useful for meeting client demands that cannot be met using nonreimbursable technical cooperation operations.
4. Strengthen country dialogue and continue exploring ways to become operationally involved with subnational entities, seeking innovative options that utilize sovereign guaranteed and non-sovereign guaranteed, technical cooperation, and fee-for-service instruments.
5. Consider expanding the Bank's involvement in rural development, given the persistence of regional disparities and the emergence of new work areas expected as a result of the peace process.

- 1.2 **According to the Protocol for Country Program Evaluation (document RE-348-3), the main goal of CPEs 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."** To this end, this CPE will analyze the IDB Group's relationship with the country from an independent and holistic perspective, with particular reference to the program's relevance, efficiency, effectiveness, and sustainability. The analysis will encompass both financial and nonfinancial products offered by the IDB Group over the period concerned. As established under the protocol, this exercise provides an input into the preparation process for the new Country Strategy with Colombia for 2019-2022.

¹ The last country strategy period ended on 1 August 2014 and the current strategy on 6 August 2018. The CPE, however, will treat the period 1 January 2015 to 31 December 2018 as the country strategy period.

² Management expressed its agreement with recommendations 4 and 5 and its partial agreement with recommendations 1, 2, and 3 (see document RE-477-2).

- 1.3 **This document establishes the scope and methodology for the CPE for the period 2015-2018.** The evaluation will continue OVE's earlier lines of work, deepening analysis of the IDB Group's relevance (financial and nonfinancial), effectiveness, and efficiency, emphasizing the results of its work and lessons learned. The CPE 2015-2018 will be the first independent evaluation of the IDB Group's program with Colombia to cover the work of both the IDB and IDB Invest (formerly known as the Inter-American Investment Corporation or IIC).
- 1.4 **This approach paper is structured as follows:** Section II provides a brief introduction to the macroeconomic, social, and institutional context surrounding implementation of the Bank's country strategy, while Section III describes the objectives of the country strategy 2014-2018 and the IDB Group's portfolio. Section IV introduces the approach to be taken in the evaluation, including the evaluation questions.

II. CONTEXT FOR THE COUNTRY PROGRAM 2015-2018

- 2.1 **Colombia is an upper-middle-income country (according to World Bank classifications), with a population of more than 49 million and per capita GDP of US\$6,301 (purchasing power parity at current prices).**³ It is the second wealthiest country in the Andean region after Peru.⁴ The country has experienced 4% average annual growth since 2000.⁵ Economic growth has declined in recent years, partly owing to the fall in oil prices, but it is now beginning to show signs of recovery. Growth levels since 2000 have been supported by a sound political and economic framework and high prices for natural resources (particularly oil). This growth has contributed to a reduction in poverty and an expansion of the middle class. Nonetheless, challenges persist with regard to poverty and inequality. The poverty rate (28%)⁶ remains above the average for Latin America and the Caribbean (LAC), while inequality—as measured by the Gini index (50.8)⁷—is the second highest in the region. Moreover, in some regions and municipios, poverty rates are double the national average. It should also be noted that in 2016 the government concluded peace negotiations with the Revolutionary Armed Forces of Colombia (FARC). These led to an agreement with six components, ranging from rural development plans to transitional justice formulas, with an estimated implementation cost of almost US\$4.3 billion. In 2017, international cooperation financed 15% of the implemented program.⁸
- 2.2 **The services sector accounts for a significant share of GDP, and exports are strongly dependent on fuels and the extractive industries.** The services sector represented more than 43% of GDP in 2017, according to the National Administrative Department for Statistics (DANE), while the industrial sector and agricultural and raw materials production accounted for around 21% and

³ World Bank, 2018.

⁴ Considering Andean countries such as Bolivia, Colombia, Ecuador, Peru, and Venezuela.

⁵ OVE analysis of World Bank data.

⁶ World Bank, 2018.

⁷ World Bank, 2018.

⁸ Ministry of Finance, 2018.

11%, respectively. Public administration and taxes on goods (net of subsidies) accounted for the remainder. Production is also highly concentrated geographically. National output is consistently produced in just a few departments (regions). According to the World Bank (2015), the five largest departments (out of a total of 32) generate approximately 65% of national value added.⁹ In terms of exports, Colombia is highly dependent on hydrocarbons (particularly oil) and products from the extractive industry, which together accounted for more than 55% of exports in 2017.¹⁰ Agricultural and manufactured products also account for a significant share of exports, at around 20% of the total.

- 2.3 **Economic policy has underpinned economic stability and growth.** The government adheres to a fiscal rule that establishes a structural balance for the central government. The rule, introduced in 2012, sets fiscal targets for a 10-year period, with the objective of reducing the structural deficit to 1% of GDP or less in 2022. Central government net debt reached a peak in 2017 (43.1% of GDP) and is expected to converge to around 32% within 10 years as long as the established level is maintained.¹¹ Banco de la República (the Central Bank) operates an inflation-targeting framework that has allowed it to control the rate of inflation despite fluctuations above targeted levels. Although inflation ended 2017 at 4.1%—above the band set by the Central Bank (2%-4%)—the rate of inflation is on a downward trend. The International Monetary Fund (IMF) projects end-year inflation of 3.4% in 2018, due to effective management of the inflation-targeting regime; disappearance of the impact of an increase in the value-added tax in 2017; a drop in indexed prices; and a stable foreign exchange context.
- 2.4 **Colombia is also in a relatively strong position to withstand an external shock, as its current account balance is decreasing due to a recovery in oil exports.** Falling oil prices led to a drop in the value of oil exports, leading to a current account deficit of 6.4% of GDP in 2015. The deficit declined to 3.4% of GDP in 2017, and the IMF projects a reduction to 2.6% of GDP in 2018. Despite the current account deficit and a significant depreciation in the peso (due to the flexible exchange rate regime), the country has the capacity to buffer external shocks. Foreign direct investment flows have remained at between 3.8% and 4% of GDP since 2015, levels of international reserves are high (sufficient to cover more than nine months of imports), and the country has access to an IMF flexible credit line.
- 2.5 **To sustain a high rate of economic growth, the country needs to seek opportunities outside the extractive sector while overcoming structural constraints in the private sector.** The extractive sector has driven economic growth in the country, but a dependence on this sector has created challenges for the future, particularly if international commodity prices fall again. A number of global indices—largely concerning the simplification of bureaucratic processes—highlight challenges for Colombia's private sector. In terms of ease of doing business, the World Bank ranks Colombia 59th out of 190 countries and

⁹ These departments are: Bogotá D.C. (24.7%), Antioquia (13.1%), Valle de Cauca (9.2%), Santander (7.2%), Meta (5.6%), and Cundinamarca (5.1%).

¹⁰ DANE, 2018.

¹¹ Ministry of Finance, 2018.

4th among LAC countries. Disaggregating by the components of the Doing Business rankings, the country ranks 2nd in terms of getting credit and 16th in protecting minority investors. In contrast, Colombia ranks 177th for contract enforcement, 142nd for paying taxes, and 125th for trading across borders.¹² In the Global Competitiveness Index produced by the World Economic Forum (WEF), Colombia ranks 66th out of 138 countries and 5th among LAC countries. Of the 12 pillars in the index, the four lowest rankings are with respect to institutions (117th), the efficiency of goods markets (102th), health and primary education (88th), and labor market efficiency (88th). The report also indicates that the most problematic issues for business are corruption,¹³ tax rates, government bureaucratic inefficiency, an inadequate supply of infrastructure, and labor market rigidities.

- 2.6 **Despite modest progress, Colombia still exhibits considerable deficiencies with respect to infrastructure.** According to the WEF, Colombian infrastructure ranked 87th in the world in 2017, and 14th in LAC.¹⁴ Relatively speaking, there has been greater progress in transportation infrastructure, with Colombia's ranking moving up from 114th in 2012 to 98th in 2017 (Figure 2.1). Transportation investment reached almost 6% of GDP in 2015, with US\$11.8 billion in private investment and US\$5.3 billion in public investment.¹⁵ Despite this, challenges persist in the area of road quality.¹⁶ In terms of electricity service coverage, challenges center upon rural areas, where coverage is only 88% (compared to 97% nationwide and 99.7% in urban areas).¹⁷ As regards water and sanitation infrastructure, potable water coverage in urban areas stood at 97.8% in 2017, with sewerage at 92.4%. In rural areas, however, potable water and sewerage coverage rates stand at 73.2% and 70.1%, respectively.¹⁸

¹² For example, a civil court action in Bogotá takes 1,288 hours and costs 45.8% of the amount concerned, compared to LAC averages of 767.1 hours and 31.4%, respectively. The indicators also show that export and import processing times are approximately double the average for LAC, while the rate of tax plus social security contributions represents 69.7% of profits, compared to a LAC average of 46.6%.

¹³ Colombia ranks 96th out of the 180 countries in the Corruption Perceptions Index published by Transparency International (Transparency International, 2017).

¹⁴ In 2007, Colombia ranked 86th in the world and 14th in LAC according to the WEF's Global Competitiveness Index (WEF, 2017).

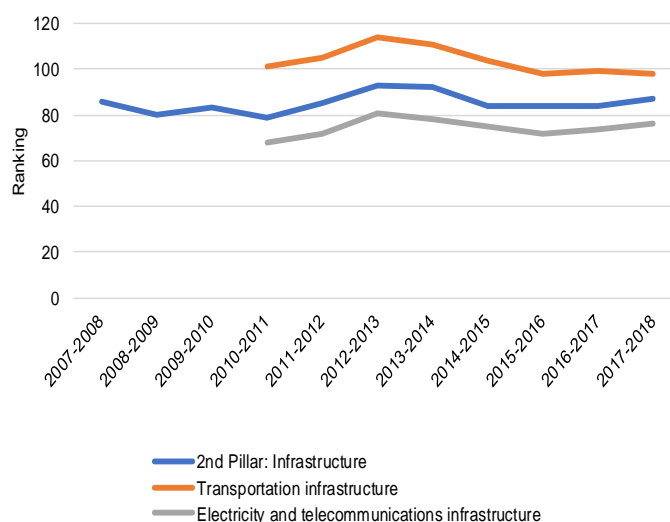
¹⁵ Infralatam, 2018.

¹⁶ World Economic Forum, 2017.

¹⁷ Sistema de Información Eléctrico Colombiano [Colombian Electricity Information System], 2018.

¹⁸ DANE, 2018.

Figure 2.1. Trends in infrastructure ranking



Source: WEF, 2007-2017.

- 2.7 Although poverty has declined and the middle class has grown, poverty and inequality remain relatively high in Colombia.** Over the last decade, the middle class has grown to represent more than 50% of the population, while the poverty rate¹⁹ dropped from more than 60% in 2001 to 28.5% in 2016, remaining above the average for LAC countries.²⁰ Moreover, levels of poverty in rural areas are 10 percentage points higher than the national average, and in some regions are double that level. Per capita income is below the national average in 27 of Colombia's 32 departments.²¹ Inequality, as measured by the Gini coefficient, improved from 57 in 2002 to 50.8 in 2016. Nonetheless, Colombia remains one of the most unequal countries in South America.²²
- 2.8 Many social indicators have improved over the last decade, particularly in the area of health, but challenges remain in terms of the quality of education and gaps in the skills demanded by the labor market.** Almost all births are attended by specialized health workers (99.2%), and infant mortality fell from 19.8 per 1,000 births in 2008 to 15.2 in 2016.²³ Adolescent pregnancies fell from 62.5 per 1,000 women (ages 15 to 19) in 2008 to 49.6 in 2016.²⁴ The prevalence of HIV in the population ages 15 to 49 has remained at 0.4%.²⁵ At the same time, education quality and outcomes remain deficient, despite improved coverage. Net secondary enrollment has exceeded 70% over the last 10 years,

¹⁹ Defined as US\$5.50 per person per day (2011, purchasing power parity).

²⁰ According to the World Bank, the average was 24.6% in 2016.

²¹ World Bank, 2015.

²² According to the World Bank, the Gini coefficient in 2016 was 47.3 in the Andean countries and 45 in the Southern Cone countries (World Bank, 2018).

²³ World Bank, 2018.

²⁴ World Bank, 2018.

²⁵ World Bank, 2018.

standing at almost 76% in 2016.²⁶ However, test results under the Programme for International Student Assessment (PISA) are among the lowest for middle-income countries and far below the average for countries belonging to the Organization for Economic Cooperation and Development (OECD).²⁷ Although tertiary education enrollment has been increasing (37%), it remains below the levels in OECD countries and countries such as Argentina and Chile.²⁸ The poor quality of education has led to a shortage of the skills demanded by companies and acts as a constraint on business. Another problem in the labor market is informality. Although this is declining, in part due to public policies, it continues to present an obstacle. According to the IMF, the proportion of workers not contributing to the social security system fell from 70% in 2007 to 62.3% in 2017, partly due to improvements in labor market skills.

III. IDB COUNTRY STRATEGY WITH COLOMBIA

A. IDB country strategy with Colombia 2015-2018

- 3.1 **The government's development priorities were articulated in the Plan Nacional de Desarrollo 2014-2018: Todos por un Nuevo País [National Development Plan 2014-2018: Everyone for a New Country] (PND), which was approved in May 2015.** The PND comprises three pillars: (i) peace, (ii) equity, and (iii) education. Each pillar sets specific objectives,²⁹ and in order to achieve these the plan proposes six crosscutting strategies and six regional strategies, each with its own objectives and strategies. The crosscutting strategies are as follows: (i) strategic competitiveness and infrastructure, (ii) social mobility,

²⁶ United Nations Educational, Scientific, and Cultural Organization, 2018.

²⁷ Reading scores in 2015 were 425, compared to an OECD average of 493. In mathematics they were 390 (compared to 490), and in science they were 416 (compared to 493) (OECD, 2018).

²⁸ OECD, 2013.

²⁹ In the area of **peace**, the plan reflects the government's political willingness to build a sustainable peace based on the effective enjoyment of rights. Three objectives have been set: (i) strengthen and ensure sustainability of the peace-building process to allow the country and its citizens to attain their full potential as a nation; (ii) integrate the territory and its communities to close regional and social gaps, fostering connectivity for productive inclusion and access to public goods, social services, and information; and (iii) reduce social and geographical inequalities between urban and rural areas through comprehensive rural development that ensures equality of opportunity.

To promote **equity**, four objectives have been set: (i) eradicating extreme poverty by 2024 and reducing moderate poverty; (ii) reducing income inequality between social groups; (iii) reducing social and regional gaps in the supply of quality health, education, public services, infrastructure, and connectivity; and (iv) fostering inclusive economic development in the country and its regions.

Lastly, the Plan identifies **education** as the most powerful tool for social equality and economic growth over the long term. Here, the objective is to close gaps in education access and quality between individuals, social groups, and regions, bringing the country closer to high international standards and achieving equality of opportunity for all citizens.

- (iii) rural transformation, (iv) building peace through security, justice, and democracy, (v) good governance, and (vi) green growth.³⁰
- 3.2 **The country strategy for the 2015-2018 period was approved in November 2015. It was based on a diagnostic assessment that identified robust economic growth that was nonetheless insufficient to achieve convergence with advanced countries and on a backdrop of declining prices for hydrocarbons.** According to the country strategy diagnostic assessment, Colombia had experienced a period of broad-based growth lasting two decades, with improvements in social indicators. However, a sudden drop in hydrocarbons prices in 2014 affected the value of exports and placed pressure on the fiscal balance. Lower growth in the country's main regional partners constituted another risk to exports.
- 3.3 **The objective of the country strategy 2015-2018 was to support the government in strategic areas with the aim of transforming Colombia into a high-income country with social mobility within the span of two decades.** Based on the identification of growth constraints in Colombia and gaps between the country and its international peers, the country strategy presented three interrelated strategic areas: (i) economic productivity; (ii) public management effectiveness; and (iii) social mobility and consolidation of the middle class. These three areas are aligned with five of the PND's six crosscutting strategies (Table 3.1).³¹ The strategy also included three crosscutting areas: (i) gender and diversity; (ii) climate change; and (iii) integration. Given that the private sector is key to Colombia's development, the strategy noted that the IIC would act, where market failures are present, to "promote private investment, improving its efficiency and development effectiveness, strengthening financing for small and medium-sized enterprises, and identifying synergies with sovereign guaranteed operations." It also listed six areas of intervention in which the Bank's private sector had demonstrated experience.³²

³⁰ The regional strategies are as follows: (i) a prosperous, equitable Caribbean region free of extreme poverty; (ii) the coffee belt and Antioquia: innovative human capital in inclusive regions; (iii) connectivity for integration and sustainable productive development in the Central-Eastern region and Bogotá; (iv) the Pacific: socioeconomic development with equity, integration, and environmental sustainability; (v) environment, agroindustry, and human development: growth and well-being for the Los Llanos region; (vi) Colombia's Central-South-Amazon region, a land of opportunities and peace: rural development and environmental conservation.

³¹ Green growth is absent, but the country strategy's crosscutting area of climate change is aligned with this.

³² (i) enterprise and innovation financing; (ii) support for value chains in the agricultural sector and environmentally sustainable agroindustrial projects; (iii) transportation infrastructure, with interventions in public-private partnerships (PPPs), airports, ports, and urban transportation; (iv) urban development, strengthening the mortgage market; (v) health, with PPPs and strengthening of value chains; and (vi) basic services, with innovative green energy solutions and the introduction of innovative mechanisms aimed at financing water and sanitation for vulnerable population groups.

Table 3.1. Sector priorities in the 2015-2018 strategy

Crosscutting PND strategy	Priority areas	IDB strategic objectives
Competitiveness and strategic infrastructure Rural transformation	Economic productivity	<ul style="list-style-type: none"> • Spur innovation and development in business and agriculture • Improve the quality of education • Raise the quality of infrastructure and urban development and reduce transaction costs in the economy
Good government Building peace through security, justice, and democracy	Public management effectiveness	<ul style="list-style-type: none"> • Support a fiscal compact to improve State revenues • Increase the quality of expenditure and public investment management capacity at all levels of government • Increase the efficiency and quality of justice
Social mobility	Social mobility and consolidation of the middle class	<ul style="list-style-type: none"> • Continue to reduce poverty and eliminate extreme poverty • Reduce economic informality • Consolidate a sustainable and inclusive pension system • Increase equitable access to quality basic services
Crosscutting PND strategy	Crosscutting sectors	IDB strategic objectives
Social mobility	Gender and diversity	<ul style="list-style-type: none"> • Reduce social gaps with respect to ethnic minorities • Reduce gender-based violence
Security, justice, and democracy for peace-building Green growth	Climate change	<ul style="list-style-type: none"> • Strengthen the resilience of infrastructure to climate change
Competitiveness and strategic infrastructure	Integration	<ul style="list-style-type: none"> • Reduce barriers to integration

Source: Country strategy 2015-2018.

- 3.4 **The Bank's proposed country strategy financing framework was based on public sector revenue and expenditure projections and was consistent with the medium-term fiscal framework.** Specifically, it projected total sovereign guaranteed loan disbursements of US\$3.9 billion—i.e. around US\$1 billion per year. It also proposed US\$3.29 billion in approvals from 2015 to 2018. Based on this framework, the Bank was expected to account for 5.3% of Colombia's total government debt in 2018 and 37% of its multilateral debt.

B. The Bank's operational portfolio

3.5 Since 2015,³³ the Bank has approved US\$3.666 billion in sovereign guaranteed loans/investment grants (US\$3.619 billion) and nonreimbursable technical cooperation operations (US\$47.22 million). Policy-based loans (PBLs) accounted for 72.3% (US\$2.65 billion) of sovereign guaranteed loan and investment grant approvals, with the remainder consisting of investment loans (US\$959 million) and investment grants (US\$9.5 million). The strategy area with the highest level of loan approvals was “increasing economic productivity” (US\$1.77 billion), followed by “increasing social mobility and consolidating the middle class” (US\$961 million) and, lastly, “improving public management effectiveness” (US\$868 million) (see Table 3.2).

Table 3.2. Sovereign guaranteed loan operations and grant operations

Priority area	Sector	PBL			Investment loans			Grant operations		
		No.	Amount		No.	Amount		No.	Amount	
			US\$ million	%		US\$ million	%		US\$ million	%
<i>Increase economic productivity</i>	Agriculture and rural development	0	\$0	0%	1	\$100	10%	0	\$0	0%
	Environment and natural disasters	0	\$0	0%	1	\$9	1%	0	\$0	0%
	Financial markets	2	\$950	36%	1	\$91	9%	0	\$0	0%
	Reform/modernization of the State	0	\$0	0%	1	\$150	16%	0	\$0	0%
	Transportation	1	\$400	15%	1	\$70	7%	0	\$0	0%
<i>Increase social mobility and consolidate the middle class</i>	Water and sanitation	0	\$0	0%	2	\$261	27%	0	\$0	0%
	Energy	1	\$300	11%	0	\$0	0%	0	\$0	0%
	Social investment	1	\$400	15%	0	\$0	0%	0	\$0	0%
<i>Improve public management effectiveness</i>	Reform/modernization of the State	1	\$600	23%	5	\$268	28%	0	\$0	0%
<i>Climate change</i>	Energy	0	\$0	0%	1	\$10	1%	0	\$0	0%
	Environment and natural disasters	0	\$0	0%	0	\$0	0%	1	\$10	100%
Total		6	\$2,650	100%	13	\$959	100%	1	\$10	100%

Source: OVE, with information from the data warehouse.

³³ The cut-off date for the portfolio analyzed in this approach paper is 31 July 2018.

- 3.6 **The legacy portfolio (operations that were approved before the evaluation period but that remained active during the period)³⁴ included 25 sovereign guaranteed loan operations with a total approved value of US\$2.5 billion. The undisbursed amount at the beginning of the evaluation period was US\$1.481 billion, and disbursements totaled US\$1.149 billion.** The largest proportion of undisbursed funds was concentrated in the reform and modernization of the State sector (53%, US\$609 million), followed by water and sanitation (32%, US\$370 million). At the beginning of the period, there was one active PBL in the fiscal and municipal management sector (US\$400 million), one grant operation (US\$4.2 million), and 67 nonreimbursable technical cooperation operations (US\$37 million).
- 3.7 **The IDB Group approved 11 non-sovereign guaranteed operations for US\$954.7 million during the evaluation period.** IDB Invest³⁵ approved five loans for US\$763.3 million, one US\$20 million guarantee in the access to finance sector, and one equity product for US\$9.9 million (also in the access to finance sector). The Structured and Corporate Financing Department (SCF) approved a US\$156 million loan in the transportation sector, while the Opportunities for the Majority Sector (OMJ) approved one technical cooperation operation in the health sector, for US\$500,000. The non-sovereign guaranteed legacy portfolio included US\$167.4 million in operations in the finance and small and medium-sized enterprise sectors, among others.

IV. EVALUATION QUESTIONS

- 4.1 **The CPE will employ the evaluation criteria of relevance, efficiency, effectiveness, and sustainability.** These criteria provide a complete picture of the program, its results, and the methods used to achieve them. The portfolio to be analyzed in the Country Program Evaluation 2015-2018 will encompass all operations approved by the IDB Group over the period, including legacy operations and any operations to be approved before the end of the year. Details of the evaluation questions the CPE will seek to answer are contained in the Protocol for Country Program Evaluation approved by the Bank's Board of Executive Directors (document RE-348-3, paragraph 19 and Annex I). Details of the evaluation criteria are provided below, with examples of the questions most relevant to the CPE.

³⁴ For the purposes of this evaluation, active operations include those for which funds were disbursed during the 2015-2018 period, or for which a project completion report or expanded annual supervision report was completed. Also included are guarantee facilities and equity investments that remained active and were maintained during the period. In the case of international trade financing facilities, only those that have shown activity during the strategy period will be considered.

³⁵ In 2016, the IDB Group merged all of its private sector windows into the Inter-American Investment Corporation (now known as IDB Invest), which inherited the operations of the Structured and Corporate Financing Department and the Opportunities for the Majority Sector.

A. Relevance

4.2 Relevance refers to the degree of consistency between (i) the design and objectives of the IDB Group's strategy and program of assistance, and (ii) country needs and the government's development plans and priorities. In this dimension, the CPE will seek to answer questions such as:

- To what extent were the strategic objectives established in the country strategy consistent with the government's priorities, Colombia's development priorities, and the IDB Group mandate?
- To what extent was the program implemented by the Bank in Colombia consistent with the country strategy?
- What has been the Bank's role in the country, and how has it evolved over time?
- Were the program and individual operations designed in a manner consistent with the government's institutional capacity for implementation and the identified development priorities?
- Was the mix of financial instruments and technical assistance appropriate given the level of institutional capacity, fiscal priorities, and market conditions?
- How did the Bank coordinate its support in priority areas with that of other development partners?
- To what extent did the Bank leverage resources from other development partners in support of its program in Colombia?

B. Implementation and efficiency

4.3 The implementation analysis examines to what extent the Bank's program achieved proposed outcomes at a reasonable cost and within a reasonable timeframe, touching on crosscutting elements such as the efficiency of executing units, the use of country systems, and the quality of technical and administrative support from the IDB's Country Office and Headquarters.

- What were the principal factors affecting program implementation and achievement of proposed outputs and outcomes?
- How well did the Bank anticipate risks to program implementation?
- How did the Bank respond to implementation challenges that may have occurred?
- How did program implementation compare to Bank-wide and subregional averages?

C. Effectiveness

4.4 The effectiveness analysis refers to the extent to which the objectives of the program agreed on by the Bank and the country were met. In this dimension, the CPE will seek to answer questions such as:

- To what extent did the Bank's interventions generate the outcomes identified in the country strategy?
- To what extent did the individual operations achieve the outputs and outcomes identified in their respective results frameworks?
- To what extent did the program support the strengthening of country systems?

D. Sustainability

4.5 Sustainability refers to the probability that program results will persist over the long term. In this dimension, the CPE will seek to answer questions such as:

- What is the likelihood that the results of IDB Group interventions will be sustainable?
- What are the principal risks to sustainability (including environmental and social sustainability)?
- What measures have been taken to mitigate these risks?

E. Evaluation methodology

4.6 The evaluation will follow the methodological guidelines stipulated in the Protocol for Country Program Evaluation (document RE-348-3). An analysis will be performed of the Bank's programming, supervision (Progress Monitoring Reports and Project Supervision Reports), and evaluation (Project Completion Reports and Expanded Annual Supervision Reports) documents. The evaluation will also draw on wide array of information sources. These include interviews with key sources: current and former government officials, project executing agencies, IDB Group sector specialists, international donors, and members of academia and civil society representatives familiar with the country's development challenges and the different sectors in which the Bank operates. OVE will supplement the documentary analysis with an analysis of internal and external databases. The evaluation methodology will include a sector analysis comparing different types of interventions. Annex II contains the evaluation matrix, including examples of prior evaluation questions that will be adapted where necessary.

V. TEAM AND TIMELINE

5.1 **The Country Program Evaluation for Colombia will be carried out by a multidisciplinary team under the supervision of OVE Director Ivory Yong-Prötzel.** The team will consist of Jonathan Rose, Project Team Leader, Pablo Alonso, Alejandro Soriano, Roni Szwedzki, Maria Fernanda Rodrigo, Stephany Maqueda, Juan Felipe García, Lina Pedraza, and Melanie Putic.

- 5.2 **To ensure the relevance and usefulness of the evaluation, the team will establish a dialogue with the Bank's Management and, in particular, with the Country Office in Colombia. The evaluation will include a mission to Colombia.** The team will conduct a wide-ranging desk review and will interview IDB Group specialists before the mission. This prior work will also include preparing draft sector notes that will be completed using the information gathered during the mission. The main tasks of the mission will be to (i) identify and validate the main features of the relationship between the IDB Group and the country; (ii) collect data and validate project analyses; (iii) visit specific projects to gather information from the executing agencies and beneficiaries; and (iv) conduct interviews with key public officials and counterparts, as well as other stakeholders familiar with the country's development challenges and the different sectors in which the Bank operates.
- 5.3 **The evaluation timeline has been designed to effectively coincide with decision-making processes for the Bank's new country strategy for the period 2019-2021.** Pursuant to the Protocol for Country Program Evaluations, the CPE findings should be provided at a moment in which the government is prepared to make strategic decisions about the use of external assistance. The indicative timeline is described in Table 5.1.

Table 5.1. Indicative timetable of activities

ACTIVITY	DATE
Approach paper	September 2018
Mission	October 2018
Draft sent to Management and the Government of Colombia for consideration	January 2019
Final document submitted to the Office of the Secretary	February 2019
Presentation to the Programming Committee of the Board of Executive Directors	March 2019

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LOAN PORTFOLIO

Table I.1. Sovereign guaranteed loan portfolio, CPE Colombia 2015-2018

Strategic area	Division	Operations		Year approved	Original amount approved (US\$ thousands)
Increase economic productivity	CMF	CO-L1222	Program for the Financing of Investment Projects, Productive Restructuring, and Export Development	2017	90,735
		CO-L1214	Program to Support Financial System Reform II	2017	450,000
		CO-L1161	Renewable Energy Financing Program for Non-Interconnected Zones	2016	9,265
		CO-L1144	Financial System Reform Support Program	2015	500,000
	HUD	CO-L1165	Fiscal and Public Investment Expenditure Strengthening Program for Subnational Entities and their Public Utilities	2016	150,000
	RND	CO-L1166	Sustainable Colombia Program	2017	100,000
	TSP	CO-L1234	First Individual Operation under the Conditional Credit Line for Investment Projects for the First Line of the Bogotá Metro	2018	70,000
		CO-L1162	Support for Colombia's Public-Private Partnership (PPP) Program	2016	400,000
Increase social mobility and consolidate the middle class	ENE	CO-L1217	National Program to Ensure a Sustainable, Efficient Energy Supply	2017	300,000
	SPH	CO-L1163	Support for Subsidy Reform Program	2016	400,000
	WSA	CO-L1232	Project for the Implementation of the Mocoa Sewer Master Plan (Stage I)	2017	30,000
		CO-L1156	Water, Basic Sanitation, and Electrification Program for the Colombian Pacific Region as part of the “Plan Todos Somos PAZcífico”	2015	231,400
Improve public management effectiveness	FMM	CO-L1227	Program to Deepen Fiscal Reform in Colombia II	2018	600,000
	HUD	CO-L1155	Second Operation under the Multisector Conditional Credit Line for Investment Projects: Fiscal and Public Investment Expenditure Strengthening Program for Municipios, their Decentralized Agencies, and Metropolitan Areas	2015	150,000
	ICS	CO-L1236	Program for Strengthening the Institutional Capacity of the Ombudsman’s Office	2018	18,000
		CO-L1225	Program for Strengthening Institutional Management of the Office of the Attorney General	2017	40,000
		CO-L1154	Program for Institutional Strengthening of the Office of the Comptroller General of the Republic	2015	30,000
		CO-L1140	Program for Institutional Strengthening of the Mining and Energy Sector	2015	30,000
Crosscutting areas					
Climate change	ENE	CO-L1119	Efficient Energy Demand Management in Non-Interconnected Zones - San Andrés, Providencia, and Santa Catalina Archipelago Pilot Program	2016	10,000
		CO-G1007	Investment Grant for the Risk Transfer Program in Geothermal Power	2016	9,530

Source: OVE, with information from the Data Warehouse.

Table I.2. Technical cooperation portfolio, CPE Colombia

Division	Operations		Year approved	Original amount approved (US\$)
CCS	CO-T1414	Support for the Consolidation of a Climate Change Agenda for the MHCP	2016	270,000
	CO-T1403	Methodology Implementation for the PostConflict and Sustainable Development Fund	2015	550,000
	CO-T1400	Methodology Implementation for the Sustainable Development Initiative	2015	550,000
	CO-T1399	Support to APC Colombia for the Creation of a Sustainable Development Initiative	2015	400,000
	CO-T1381	Preparation of the GEF Project "Consolidation of the National System of Protected Areas (SINAP) at National and Regional Levels"	2015	135,000
CMF	CO-T1455	Knowledge Sharing, ECOCASAS	2017	12,050
	CO-T1426	Development of the Rural Microfinance Sector	2017	200,000
	CO-T1423	Financing mechanisms for private investments in energy efficient (EE) public lighting, promoting the replacement of low efficiency street lighting with high efficiency LEDs	2016	1,999,725
	CO-T1409	Mitigation of Greenhouse Gas Emissions by Renewable Energy Projects in Non-Interconnected Zones (ZNIs)	2015	500,000
	CO-T1402	Support preparation of operation CO-L1161 by structuring a financing strategy	2015	200,000
CTI	CO-T1439	Strengthening Funding Instruments for Early Stage Innovative Firms	2017	390,000
EDU	CO-T1480	Innovative Experiences in Extending the School Day and Improving 21st Century Skills	2018	15,085
	CO-T1422	Improving the Quality of Education in Rural Areas	2016	570,000
	CO-T1406	Support to improve the effectiveness and equity of educational investments	2016	111,785
	CO-T1397	Prospects for third-level education: towards quality education for Colombia	2015	7,971
ENE	CO-T1470	Support to the Caribbean Energy Efficiency Program	2018	400,000
	CO-T1438	Support for the National Program to Ensure Sustainable, Efficient Energy Supply	2018	300,000
	CO-T1411	Public Policy for Addressing Barriers to Renewable Energy solutions in Non-Interconnected Zones	2016	477,000
	CO-T1408	Support for Sustainable Electrification under the Comprehensive Plan for the Pacific	2015	500,000
FMM	CO-T1432	Program to Support Implementation of the State-owned Enterprises Policy	2016	420,000
GDI	CO-T1452	Quantifying female demand for flexible working hours in Bogotá's labor market	2017	150,000
HUD	CO-T1424	Social Inclusion and Urban Sustainability in Pescaito – Santa Marta	2016	950,000
	CO-T1410	Support to the implementation and execution of the Fiscal and Public Investment Expenditure Strengthening Program for Municipalities, its Decentralized Agencies, and Metropolitan Areas	2016	300,000
ICS	CO-T1473	Colombian Women Building the Future	2017	100,000
	CO-T1471	Support for Strengthening the Institutional Capacity of the Ombudsman's Office	2018	250,000
	CO-T1449	Modernization of the Attorney General's Office in the Area of Citizen Participation	2017	300,000
	CO-T1404	Support for the Adaptation and Implementation of the Cure Violence Model in Cali	2016	625,669
	CO-T1389	Institutional Strengthening of the Office of the Comptroller General of the Republic to improve fiscal controls	2015	300,000
	CO-T1379	Program for Strengthening the Capacities of Youth Leaders in the Pacific Region	2015	119,800
INE	CO-T1482	CANEF - Colombia Phase II: Comprehensive Support to the Extractive Sector	2018	550,000
	CO-T1453	CANEF - Colombia Phase I: Comprehensive Support to the Extractive Sector	2017	690,000

Division	Operations		Year approved	Original amount approved (US\$)
LMK	CO-T1474	Strengthening Colombia's Pensions System	2018	200,000
	CO-T1445	Skills Strategies for Growth	2017	250,000
RND	CO-T1456	Emergency flood assistance in Mocoa, Putumayo	2017	200,000
	CO-T1412	Sustainable Biodiversity Management and Conservation in the Magdalena River Basin	2016	6,363,600
	CO-T1395	Assessing Tropical Dry Forest Biodiversity and Ecosystem Services	2015	549,400
	CO-T1387	Consolidation of the National System of Protected Areas at the National and Regional Levels	2016	4,157,000
	CO-T1385	Support for Preparation of Project CO-G1003	2015	180,000
SPH	CO-T1467	Redesign of the family support model to promote early childhood development	2017	500,000
	CO-T1435	Support for design of the health services network in Bogotá	2017	100,000
	CO-T1433	Redesigning the Family Support Program of the Bogotá District Department for Social Integration	2017	100,000
	CO-T1425	Social Inclusion Model for Individuals with Disabilities	2017	315,000
	CO-T1419	Support for the Quality Management of Child Development Services in Colombia	2016	500,000
	CO-T1418	Support for Social Subsidy Reform	2017	250,000
	CO-T1405	Red Sentir. Youth Awareness	2015	414,046
	CO-T1388	Support for designing the social and productive inclusion policy	2015	200,000
	CO-T1356	Support for Deepening Reform of the General Social Security System	2015	400,000
TSP	CO-T1444	Support for the Formulation of Policy Guidelines for the Railway Sector in Colombia	2018	500,000
	CO-T1431	Strengthening public transport management in Bogotá	2016	400,000
	CO-T1416	Support for preparation and implementation of the Colombia's public-private partnerships (PPP) program	2016	500,000
	CO-T1394	Support for Organizational Structuring of the Bogotá Metro	2015	500,000
	CO-T1393	Support for the Structuring, Implementation, Management, and Sustainability of the First Line of the Bogotá Metro in the Pre-Contractual and Contractual Project Stages	2018	500,000
WSA	CO-T1457	Comprehensive Development of Urban Water and Sewerage Companies in Colombia	2017	15,500,000
	CO-T1417	Support to the Water and Sanitation Sector through the Application of AquaRating in Colombia	2016	600,000
	CO-T1407	Support to the Comprehensive Plan for Colombia's Pacific Region	2015	700,000
	CO-T1396	Support for regulating reservoir studies to mitigate the effects of climate change	2015	1,000,000

Source: OVE, with information from the Data Warehouse.

Table I.3. Non-sovereign guaranteed loan portfolio, CPE Colombia

Division	Operations		Year approved	Current amount approved (US\$ thousands)	Amount of funds under administration ¹ (US\$ thousands)
IIC	CO-L1167	Kahai Native Tree Nut Forestry Project	2015		1,500
	CO3985A-01	Pichincha	2015	5,000	5,000
SCF	CO-L1159	Perimetral Oriental de Bogotá Public-Private Partnership	2015	156,000	
IIC/IDB	11619-02	Bancamia	2016	20,000	1,600
	11912-02	Colombian Energy Efficiency Trust	2016	20,000	6,250
	11794-04	EPM - Ituango Hydropower Plant	2016	400,000	50,000
	12114-01	Davivienda Colombia	2017	200,000	
	11988-03	MAREAUTO Colombia	2017	10,000	
	12050-01	MAS Equity Partners	2017	9,936	
	12252-01	Ruta del Cacao 4G Toll Road	2018	133,302	

Source: OVE, with information from the Data Warehouse.

Table I.4. Non-sovereign guaranteed technical cooperation portfolio, CPE Colombia

Division	Operations		Year approved	Current amount approved (US\$ thousands)	Amount of funds under administration (US\$ thousands)
OMJ	CO-T1401	Hospital del Niño: Expansion of Pediatric Services for Poor and Low-income Children	2015	500,000	

Source: OVE, with information from the Data Warehouse.

¹ This column represents the amounts financed through external funds under administration by the IDB Group, which are added to the amount approved for the operation, which is financed out the Ordinary Capital.

Table I.5. Legacy sovereign guaranteed loan portfolio, CPE Colombia

Division	Portfolio		Year approved	Original amount approved (US\$ thousands)
CMF	CO-L1132	Third Program for the Financing of Investment Projects, Productive Restructuring, and Export Development.	2013	200,000
	CO-L1124	Clean Technology Fund - Energy Efficiency Financing Program for the Services Sector	2013	10,000
CTI	CO-L1092*	Project to Strengthen the National Science Technology and Innovation System - Phase I	2010	25,000
EDU	CO-L1093	Management Support Program for the Quality Education Plan for Prosperity	2012	46,000
FMM	CO-L1142	Program to Deepen Fiscal Reform in Colombia	2014	400,000
HUD	CO-L1133	Fiscal and Public Investment Expenditure Strengthening in Barranquilla	2014	100,000
	CO-L1125	Program to Support the Sustainable Development of the Department of the San Andrés, Providencia, and Santa Catalina Archipelago	2013	70,000
ICS	CO-L1126	Program to Strengthen the Public Investment System	2013	8,000
	CO-L1102	Citizen Service Efficiency Project	2014	20,000
	CO-L1098	Program to Strengthen the Office of the Attorney General - Phase Two	2011	10,000
	CO-L1097	Program to Strengthen the Legal Defense of the State	2012	10,000
	CO-L1041	Project for Strengthening Judicial Services	2009	21,382
RND	CO-X1004*	Protecting Biodiversity in the Southwestern Caribbean Sea	2009	3,000
SPH	CO-L1127*	Support for Reform of the General Social Security Health Care System	2013	250,000
	CO-L1141*	Support Program for Reform of the General Social Security Health Care System II	2014	400,000
TIN	CO-L1138	Promotion and Expansion of Electronic Invoicing in Colombia	2014	12,000
TSP	CO-L1131	Program to Support Public-Private Partnerships in Infrastructure	2013	25,000
	CO-L1111	Support for Implementation of the National Road Safety Policy	2013	10,000
	CO-L1109	Support for Implementation of the National Logistics Policy	2013	15,000
	CO-L1019	San Francisco-Mocoa Alternate Road Construction Project - Phase I	2009	53,000
	CO-L1091	Strategic Public Transportation System (SPTS) Program	2011	320,000
WSA	CO-L1105	Rural Water Supply and Wastewater Management Program	2012	60,000
	CO-L1034	Medellin River Sanitation Program - Phase II	2009	450,000
	CO-L1028	Water and Sanitation Program for the Municipio of Pasto	2009	27,800
	CO-G1002	Adaptation to Climate Impacts in Water Regulation and Supply for the Area of Chingaza-Sumapaz-Guerrero	2014	4,216

* Project Completion Reports were submitted for these operations during the 2015-2018 period.
Source: OVE, with information from the Data Warehouse.

Table I.6. Legacy non-sovereign guaranteed loan portfolio, CPE Colombia

Division	Operations		Year approved	Current amount approved (US\$ thousands)	Amount of funds under administration (US\$ thousands)
IIC	CO3904A-01	Escala Capital	2009	1,618	882
	CO3927A-01*	Gelec	2011	2,600	
	CO3940A-01	DAVIVIENDA	2011	30,000	
	CO3440A-03	Bancoldex III	2013	45,000	
	CO3944A-01	Centro Hospitalario Serena del Mar (HLM)	2014	5,000	5,000
OMJ	CO-L1147	Bayport Colombia: Financial Inclusion for Base-of-the-Pyramid Public Employees	2014	15,000	
SCF	CO-L1081	Fondo de Infraestructura Colombia Ashmore	2009	31,000	
	CO-L1104*	Bancolombia Green Guarantee Mechanism	2011	30,000	
	CO-L1122*	La Hipotecaria - Colombia Loan	2012	2,000	
	CO-L1123*	La Hipotecaria - Colombia Guarantee	2012	5,166	

* Expanded Annual Supervision Reports were submitted for these operations during the 2015-2018 period.

Source: OVE, with information from the Data Warehouse.