



1. Project Data

Operation ID
P158520

Operation Name
CO Territorial Development DPL

Country
Colombia

Practice Area(Lead)
Urban, Resilience and Land

L/C/TF Number(s)
IBRD-86680

Closing Date (Original)
31-Dec-2017

Total Financing (USD)
749,029,100.00

Bank Approval Date
08-Dec-2016

Closing Date (Actual)
31-Dec-2017

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	800,000,000.00	0.00
Revised Commitment	800,000,000.00	0.00
Actual	749,029,100.00	0.00

Prepared by
Hiroyuki Yokoi

Reviewed by
J. W. van Holst
Pellekaan

ICR Review Coordinator
Christopher David Nelson

Group
IEGSD (Unit 4)

2. Project Objectives and Policy Areas

a. Objectives

The objective of the first programmatic Development Policy Financing (DPF) for territorial development is to support the efforts of the Government of Colombia to: (i) strengthen institutions for land management and territorial planning; and (ii) improve subnational financial management and investment prioritization (Program Document (PD) p 1).

For the purpose of this ICR Review, the PDO will be assessed based on the following sub-objectives – referred to as “Objectives” in Section 4 of this review:



Objective 1: To strengthen institutions for land management and territorial planning

Objective 2: To improve subnational financial management and investment prioritization

These objectives cannot be parsed further given the interdependent nature of the policy areas in each objective. For objective 1, improved land management through titling and cadaster informs new data and information, which will be used for urban and regional planning, influencing territorial planning outcomes. Similarly, for objective 2, improved subnational financial management is to improve the fiscal and budget planning, influencing the priority of the regional investments at the subnational level.

b. Pillars/Policy Areas

The DPF funded by a Development Policy Loan (DPL) pursued the following pillars:

Pillar 1: Strengthen institutions for land management and territorial planning is supported by a breadth of policies that comprise i) multi-purpose property cadaster policy; ii) new institutional set-up to improve rural and land administration; and iii) strengthened territorial planning (PD pages 14, 17, 19). The pillar aims at building a new institutional framework, strengthening policies and institutions, and providing the necessary enabling legal environment for improved territorial planning (ICR para 10).

Pillar 2: Improve subnational financial management and investment prioritization focuses on four areas of policy interventions: i) improving planning and execution of regional investments; ii) improved fiscal reporting by SNG; iii) harmonizing accounting and budget standards; and iv) promoting the adoption of standard investment projects by subnational governments to speed up the design and execution (PD para 46).

c. Comments on Program Cost, Financing, and Dates

Program cost: The appraised cost for the program was EUR 716.5 million (US\$800.0 million) in November 2016 and the actual cost was EUR 716.5 million (US\$749.0 million). This loan was made in Euros and the change of the US Dollar amount was due to exchange rate changes (ICR footnote 6).

Financing: The IBRD financed the entire cost of the program as specified above. The loan was disbursed in a single tranche withdrawal of the loan proceeds.

Borrower Contribution: There was no counterpart funding from the borrower.

Dates: The program's effectiveness date was April 19, 2017, and the closing date was December 31, 2017.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Country context and Government Strategy: The objective of the DPL was substantially relevant to the country context and its development challenges. Despite strong economic growth over the last decade, Colombia still experienced widespread regional disparities in poverty rates and standards of living. Violence and armed conflict exacerbated the living conditions of the rural areas and left many regions behind in terms



of economic and social development. During the Government's peace agreement negotiation with the Revolutionary Armed Forces of Colombia (FARC), the first of the five core agreements at the Havana peace negotiations (which ended in 2016) was "Comprehensive Rural Reform" to distribute economic benefits to the people in the rural and lagging areas. However, regional inequalities have been persistent because of the following challenges: the lack of robust and accurate information on territorial assets; the weak institutional structure to administer territorial development; the absence of a framework for integrated multilevel territorial planning and investment prioritization; and the lack of the institutional processes to design, execute, monitor and evaluate public investments projects.

The Government has firmly committed to a more integrated territorial development over the years. The government developed the Misión del Sistema de Ciudades and Misión para la Transformación del Campo to conduct the comprehensive review of the recent trend and key constraints in urban and rural areas, which resulted in the special focus on the territorial planning in the National Development Plan 2014 – 18 (see PD para 22 complemented by Productive and Sustainable Cities ICR para 32-33). The government published the latest NDP 2018 -2022 in March 2019, which consistently prioritized improved territorial and regional planning to reduce social inequalities (ICR para 30).

Bank strategy: The PDO was closely aligned with the latest Bank strategy and a series of support programs to the country. The Country Partnership Framework (CPF) FY2016-21 identified that sustainable, inclusive, and equitable territorial development were top national priorities and the Bank aimed to strengthen critical public management capacities at the subnational level and to better link the urban and rural policy agenda. In addition, the project was informed and built upon earlier and ongoing supportive engagements with the country:

- Programmatic Productive and Sustainable Cities DPF series (P130972, P145766)
- Subnational Institutional Strengthening Project (P123879)
- Multi-Donor Trust Fund for Peace and Post-conflict (P160524)
- Colombia Multipurpose Cadaster Technical Assistance (P160524)
- Bio-carbon Fund and the Sustainable Low-Carbon Development in the Orinoquía Region Project (P160680)
- Colombia Programmatic Approach - Public Sector Management and Governance (P162068)
- Programmatic Approach on Sustainable Regional and Urban Development (P156821)

This review also concluded that, while the scope of the PDO was highly relevant to both Colombian and World Bank objectives, the level of ambition in this program to "strengthen" land management and territorial planning and to "improve" subnational financial management and investment prioritization were at a low level of ambition. As a result, the project did not address crucial questions such as how effective was strengthened land management and territorial planning and did improvement of subnational financial management and investment prioritization lead to more efficient budgeting. Consequently, the relevance of objectives was rated substantial rather than high because, if achieved, the project would enhance the administration of public policy in land management, territorial planning, subnational financial management and investment prioritization in Colombia.

Rating
Substantial



b. Relevance of Design

This section is organized according to the following assessment criteria:

- i. Prior actions
- ii. Macroeconomic framework
- iii. Lending instrument
- iv. Exogenous factors

i. Prior actions (PAs)

The DPF's prior actions consisted of the following eight prior actions (PD Annex 1). PA#1 through PA#4 were associated with Pillar 1 and PA#5 through PA#8 were associated with Pillar 2.

- Prior Action 1 (PA#1): The Government had approved a comprehensive property cadaster policy
- Prior Action 2 (PA#2): The Government had established the institutional framework to, inter alia: (i) implement access-to-land programs for rural productivity and equity, and (ii) support the process for rural land formalization, through the creation of the National Land Agency (ANT).
- Prior Action 3 (PA#3): The Government had strengthened the institutional framework for rural development through the creation of the Rural Development Agency (ADR), which would plan, structure, co-finance and implement rural development projects.
- Prior Action 4 (PA#4): The Government had approved a new territorial planning policy, which enabled: (i) the development of territorial & land-use plans at Departamento-level to foster regional integration, and (ii) the updating of municipal land-use plans under a new methodology that incorporated urban-rural linkages.
- Prior Action 5 (PA#5): The Government had adopted a new policy that strengthens the Memoranda of Understanding between national and subnational governments (Contratos Plan).
- Prior Action 6 (PA#6): The Government, through the legislature, had enacted Organic Law 1753 which centralized the fiscal risk oversight of subnational governments in the MHCP through the unification of reporting requirements to improve the quality of regional fiscal data.
- Prior Action 7 (PA#7): The Government had harmonized the public sector accounting practices to a single national standard regime across government entities, including subnational governments, to be applied on a mandatory basis from January 1, 2017, to enable comparability of data across all sectors and levels of government.
- Prior Action 8 (PA#8): The Government had enabled the use of standard project designs by subnational governments to reduce the time and cost in the procurement and execution of regional and municipal investment projects.

i-1. Relevance. Prior actions were explicit but partly lacked the causal link from prior actions to achieve the objective.

Under Pillar 1, the DPF supported a comprehensive property cadaster policy (PA#1), through which a legal and regulatory enabling environment for a multipurpose cadaster was to be established. To efficiently enable



the land management and territorial planning, the DPF supported an institutional reform of rural land management and development (PA#2 and #3). The newly established institution, in particular ANT, was to coordinate with the National Planning Department (Departamento Nacional de Planeación; DNP) to enable multipurpose cadaster for rural land formalization. As an instrument to enable regional and municipal planning for integrated territorial development, the new territorial planning policy was introduced (PA#4). These four prior actions were closely connected to achieve strengthening institutions for land management and territorial planning.

Under Pillar 2 which was to improve subnational financial management and investment prioritization, the program was designed to reform the financial management through standardizing the public account (PA#7) and to improve the unification of reporting requirements (PA#6). Similarly, investment prioritization was envisaged through the introduction of Contratos Plans (PA#5) and the use of standard project designs (PA#8). These prior actions under Pillar 2, however, were not closely linked to the achievement of the objective because most indicators were processes to implement the reform. Reducing the reporting requirement did not mean improvements in financial management because it was an intermediate step to improve the fiscal health of subnational governments. Similarly, the standard project design did not immediately inform the investment prioritization for the subnational governments since it was intended to reduce the time and cost of designs of investment projects. While recognizing the importance of standardization for procurement efficiency, such policy action did not link to any regional or municipal plans to achieve public investment prioritization.

i-2. Institutional depth and criticality. The institutional depth of the policy reform was clearly addressed. The Bank had identified that the complicated institutional arrangements and less exposure of the national government to the different levels of the territories on land and territorial planning and subnational fiscal management were the key hindrances to achieving the objective (PD para 25). For example, effective land management was constrained by the lack of institutional and technical capacity of the implementing agency, Colombian Institute for Rural Development (Instituto Colombiano de Desarrollo Rural; INCODER). The agency had difficulty building a consolidated land information system and to formalize private rural property rights (PD para 37). The DPL engaged with the concerned agencies and developed the clearly defined new administrative structure to enable the institutional reform.

The criticality of the policy reform was evident. Armed conflict and violence expanded the regional, social, and economic inequalities. Lagging regions lacked adequate infrastructure and land titles, while the local governments were not able to respond to the challenge of providing adequate infrastructure and titles due to the complicated federally mandated land titling system and lack of a regional planning mechanism as well as inefficient fiscal management. The DPF, by improving territorial and land management institutions as well as strengthening financial management and investment planning, addressed the critical bottleneck to better integrate urban-rural areas and enable coordination between the subnational governments and central government.

i-3. Additionality.

The DPF demonstrated the Bank's value-added through its operation. Colombia Urbanization Review and the former DPF – the Programmatic Productive and Sustainable Cities DPF – introduced the System of Cities concept to define the cities as functional urban agglomerations (PD para 22 complemented by Productive and Sustainable Cities ICR para 32-33). This multi-facet approach encouraged the government to



prepare the National Development Plan with a focus on territorial development. This DPF supported the concept with more focus on regional integration through better planning and management.

i-4. Measurability.

The results indicators were properly selected. Most of the indicators measured the causal outcomes of the prior actions. Some indicators could have been improved, for example, the number of standard investment projects designed was a process indicator and did not capture the outcome of the prior action.

ii. Macroeconomic framework

The PD adequately articulated the macroeconomic situation and fiscal status of the country, which overall stated that Colombia had a stable fiscal space and upward growth of the macroeconomic environment. The ICR did not discuss the macroeconomic framework the extent to which Colombia maintained an adequate macroeconomic framework during the program’s implementation which was a basis for the financing provided.

iii. Lending instrument

Neither the PD nor the ICR discussed the selection of the lending instrument for the operation. It can be argued that some prior actions required the DPF as a structural reform modality such as the consolidation of cadaster management institutions among the physical cadaster and property registry (ICR para 28), while one may argue part of prior actions such as standard project designs would be suitable for other lending or technical assistance instruments because they may be regarded as specific interventions rather than requiring the government to execute a structural policy change.

iv. Exogenous factors

Exogenous risks were well identified but there was a shortfall in mitigation. PD properly identified the exogenous risks: (i) political and governance risks arising from potential setbacks to the peace process, (ii) macroeconomic risks, and(iii) implementation capacity (para 80). But the mitigation of the risks was not sufficiently addressed. For example, PD mentioned that implementation capacity would have been mitigated by several capacity building programs to support subnational governments. The statement is unclear about what and how capacity building programs support the implementation capacity, and as a result, the ICR mentioned that it would require steady and coherent support for subnational governments (para 80).

Rating

Substantial

4. Achievement of Objectives (Efficacy)



Objective 1

Objective

To strengthen institutions for land management and territorial planning.

Rationale

Theory of Change

The program assessed four challenges that the country faced for integrated territorial development: (i) the lack of robust and accurate information on territorial assets; (ii) weak institutional structure and limited presence of the national government in rural areas; (iii) the absence of a framework for integrated multi-level territorial planning and investment prioritization for encouraging rural-urban linkages; and (iv) the absence of an efficient institutional process to design, execute and evaluate public investments as well as the lack of adherence to international standards for an improved subnational resource mobilizations (PD para 25). Objective 1 aimed to fix the first, second, and third problem by reforming the underlying territorial development framework through enabling institutions for land management and territorial planning.

Strengthened institutions for land management are expected to be achieved by the creation of the National Land Agency (ANT) (PA#2) and the Rural Development Agency (ADR) (PA#3) which collectively will have the capacity to formulate and implement rural land policy and plans. Strengthened institutions for territorial planning are to be achieved through introducing a multipurpose cadaster policy (PA#1) and an update of territorial and land use plans (PA#4), through which institutional coordination and arrangements between the national and sub-national governments are expected to be streamlined for improved territorial planning.

Several assumptions are made to enable the theory of change for Objective 1. The first of which is the homogeneity of the institutional capacity of the sub-national governments. The program considers that once information, institutional structure, a multi-level planning framework, and institutional processes are developed, sub-national governments would have been equipped with the capacity to implement integrated territorial planning. Second, it is assumed that robust and accurate data would be used for integrated territorial development if available. This means that once territorial asset data such as land tenure, ownership, use, and accessibility were formalized, the planning institutions such as a municipalities or the above-mentioned newly created ANT and the ADR would use the data as a basis for territorial planning and development, which has often faced challenges accounting for territorial assets data in planning and development.

The achievement of the two sub-objectives in Objective 1 (to strengthen institutions for land management and territorial planning) is summarized below.

Strengthen institutions for land management – Substantial

Outputs/Intermediate Outcomes:

- 52,740 plots in rural areas were formally registered with property rights through the new process against the target of 40,000. Out of which, 173,339 facilities were ethnic communities and 29,824 were displacement victims, and 40 percent of the titles were given to women-headed households. **Exceeded.**



- The percentage of total co-financed rural development projects with a territorial focus increased from 16% to 100%. 189 rural development projects with a territorial focus were implemented after the introduction of the policy. **Achieved.**

Outcomes

- The creation of the ANT enabled the country to establish a single responsibility for land tenure formalization, which had never been achieved in its history. The government also issued a decree on the creation of a unique registry number for individuals asking for access to land (Registro Unico de Solicitantes a Tierras, RESO) and established a transparent land registry process as well as the creation of a new Land Fund managed by the ANT (ICR para 48). With the outstanding result of rural land formalization in the outputs section, the ANT demonstrated its capacity to facilitate rural land management.
- ADR developed the manual for co-financing of projects and defined the criteria for structuring, approving, and co-financing projects with a territorial focus (Proyectos Integrales de Desarrollo Agropecuario y Rural con Enfoque Territorial) (ICR para 47-48). Besides, the ADR contributed to integrated rural planning by supporting the completion of Agricultural and Rural development Plans in 10 departments. However, the evidence is thin on whether the creation of the ADR contributed to the effective use of resources and a better-integrated approach to rural development as envisaged in the PD (PD para 39). The ADR was established (i) to execute agricultural and rural development policy from the territorial perspective through national, associative, or territory-level structuring, co-financing, and execution of rural and agricultural development plans and projects and (ii) to support processes related to strengthening of the management of rural and agricultural development with a view to contributing to improved quality of life for the rural population and increasing competition (PD Annex2 page 45 para 3). The achievements documented in the ICR such as the number of rural development projects, manuals, development plans did not fully capture the extent of the policy influence on strengthening the management of rural and agricultural development. The number of rural development projects with a territorial focus does not fully explain how such projects contributed to the improvement in the quality of life for rural households. As such it is unclear from the evidence in the ICR whether the ADR is equipped with the sufficient capacity to manage the transformation of rural land development.
- As per the above assessment, the institutions for land management were substantially improved evidenced by the ANT which proved sufficient capacity to manage land tenure formalization and the ADR which only partly demonstrated sufficient capabilities for rural development.

Strengthen institutions for territorial planning – Substantial

Outputs/Intermediate Outcomes:

- A cadaster pilot with new cadastral information was implemented in 41.3% of the total area against the target of 70%. The pilot was designed to inform the design of the full-fledged expansion of the multi-purpose cadaster which is being supported by the recently approved the Multipurpose Cadastre Project (ICR para 28). **Partially achieved.**
- The policy framework for delegating key functions and responsibilities for land management to sub-national governments was approved and as a result, two administration agreements were signed with



Barranquilla and Metropolitan Area of Center East (AMCO) for the delegation of cadastral functions.

Achieved.

- 35 territorial and land use plans were prepared under the Planes de Ordenamiento Territorial (POT) Modernos Program against the target of 80 plans. Several reasons for the underachievement were described in ICR: technical teams were unable to travel to the municipalities which suffered post-conflict problems, civil unrest, as well as floods and could not complete the analysis; while many municipalities claimed that they were ready to update the POT with sufficient cartography and risk management information, they did not satisfy the requirement of the POT Modernos and needed extra time for preparation; the consultant who was engaged for updating the POTs was unable to complete the tasks due to the parallel engagements with multiple municipalities. **Partially achieved.**

Outcomes

- A multi-purpose cadaster system was intended to guarantee full alignment between physical and legal records and to provide a complete record of all parcels in the country (PD para 29). Several policies introduced by the DPF contributed to the objectives. The program restructured the function of the Geographical Institute Agustín Codazzi (Instituto Geográfico Agustín Codazzi; IGAC) to be a policy body setting standards with enforcement capabilities (ICR para 30). The program also strengthened the institutional coordination between IGAC and Superintendencia de Notariado y Registro (Superintendencia de Notariado y Registro; SNR) to harmonize physical and legal record cadaster (ICR para 36). The DPF also supported the development of new technical methodologies to implement multipurpose cadaster applied to both IGAC and SNR (ICR para 38). Although the number of pilot projects was only partly achieved, they were useful for the government to expand the multipurpose cadaster development based on the lessons acquired from the implementation of the pilot program which included improved cost estimate and efficient institutional coordination at the field. Colombia is now implementing the multipurpose cadaster development nationwide with the support of the World Bank.
 - The POT Modernos program aimed to improve territorial planning by (i) introducing multi-level planning, (ii) providing guidelines for the preparation of new generation POTs including risk management, (iii) ensuring alignment of regional and national initiatives and (iv) providing technical assistance to build municipal capacity for territorial planning (ICR footnote 8), which modestly improved territorial planning. The regulatory framework of the department-level land use planning (PODs) was developed and 8 PODs were completed (ICR para 51), enabling the country to execute territorial planning with multi-level planning for departments and municipalities. The guidelines of new generation POTs were developed as provided in the output section. There was no evidence provided in the ICR whether the alignment of regional and national initiatives was achieved and whether municipal capacity for territorial planning was improved through technical assistance.
 - Based on the above assessment, the institutions for territorial planning were substantially improved given the evidence on the sufficiently improved multipurpose cadaster and modestly strengthened POT Modernos program.
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- In light of the evidence of the considerable progress made in both land management and territorial planning, the achievement of Objective 1 is rated substantial.



Rating
Substantial

Objective 2

Objective

To improve subnational financial management and investment prioritization.

Rationale

Theory of Change

Based on the analytical work associated with the appraisal of this policy program it was concluded that (i) lack of quality and timely regional fiscal information, (ii) absence of institutional coordination among levels of government and (iii) weak regional public procurement policies were the main causes for inefficient sub-national financial management and investment prioritization (PD para 46).

Improving regional fiscal information was therefore designed to be achieved through the unification of reporting systems (PA#6) and standardization of the public accounts (PA#7). These reforms would contribute to the enhanced quality and timely territorial data and statistics for the efficient allocation of regional funds' resources, planning, risk management and prioritization (PD para 54).

Improvements in institutional coordination would be informed by a new policy that strengthened the Memoranda of Understanding between national and sub-national governments (Contratos Plan) (PA#5). The policy was intended to facilitate efficient allocation of resources across the territory, and strong coordination among institutions through Contratos Plan, which is a formal memorandum between the different government levels of a department or region involving medium-term programs of investments for territorial development, thereby contributing to institutional coordination and more prioritized regional investments.

Regional public procurement policies aimed at strengthening project designs can reduce the time and cost of procurement and execution of regional and municipal investment projects. The program identified that using standard investment projects would enable sub-national governments and national government to (i) design regional investment projects quickly and efficiently; (ii) set minimum and nationwide standards for service delivery; (iii) execute infrastructure projects more efficiently and in a more transparent manner (PD para 66).

Objective 2 was parsed into two sub policy areas, i.e. improve sub-national financial management and improve investment prioritization. The former addressed the improvement of regional fiscal information, while the latter aimed at the improvement of institutional coordination and regional public procurement policies.

Improve subnational financial management – Substantial



Outputs/Intermediate Outcomes:

- The number of reports prepared and submitted by municipalities annually to national authorities declined from 233 to 110, far better than the target for a reduced number of 190 reports. Because the Single Territorial Form (Formulario Unico Territorial or FUT) became the main instrument on the sub-national fiscal reporting, it eliminated extra reporting requirements for the sub-national governments. **Achieved.**
- All the national public accounting reporting used the new accounting standards, a newly approved single national public sector accounting standard, that included 75 financial institutions and 275 non-financial institutions. Though not specified in the results framework, at the sub-national level, 96.6% of the public accounting reporting in Colombia in 2019 applied the standards (65 of 70 financial institutions and 3,220 of 3,330 non-financial institutions). **Achieved.**

Outcomes

- FUT became the main instrument for accounting reporting, used by 1,100 municipalities and 32 departments, namely all the sub-national government entities (ICR para 59). Although there were still additional reports submitted in addition to the FUT, the reform paved a solid foundation for improving financial oversight.
- With the introduction of the FUT, the government was also able to monitor fiscal oversight reported in FUT data, which is now published in the government's open data portal. The data included budget, expenditures, commitments, and sources of financing by sub-national entity level (ICR footnote 31).
- The new accounting standard has already been adopted by the majority of institutions including the Central Bank and the General Royalties System. According to the ICR (para. 60), the government made an effort to institutionalize the new accounting regime by providing training to 222 civil service professionals.
- Despite these outcomes, there is no evidence in the ICR on whether the enhanced quality and timely territorial data contributed to the more efficient allocation of regional funds' resources, planning, risk management, and prioritization of investments. But this was not the objective, rather it was to improve sub-national financial management following the Government's implementation of a number of enabling prior actions

This review concluded that the efficacy of the improvement of sub-national financial management was successful and this achievement is rated substantial.

Improve sub-national investment prioritization – Substantial

Outputs/Intermediate Outcomes:

- 10 new Contratos Plans were signed against the target of 8. The ICR (para 56) described that a total of 16 departments and 497 municipalities participated in the Contratos Plan and the new regional fund supported 46 projects. US\$7.8 billion worth of investments is in pipeline for the execution of 2,432 projects to be completed by 2023.
- 50 sub-national investment projects were designed by using the standard project designs.



Outcomes

- The government firmly committed to the execution of the Contratos Plans to foster regional investments and strengthen institutional coordination. First, the government considered that the Contratos Plan was the key instrument to enable territorial development as evidenced in the recently approved 2018-22 NDP (ICR para 56). Second, the government has delineated the necessary enabling environment of Contratos Plans. In particular, the government thoroughly reviewed the proposals of Contratos Plans whether they were aligned with regional and national development plans and involvement of all the concerned actors. The government through the policy introduced by the DPF facilitated access to the regional fund (Fondo Regional) to transfer funds to the sub-national executing agencies in the implementation of Contratos Plan. The government also provided technical assistance to sub-national governments and implemented monthly monitoring of investment implementation. These multiple measures around regional strategy, financing, and technical assistance contributed to the achievement of the objective of facilitating investments between the different levels of government. Third, building upon the successful results of the Contratos Plan, the government launched the third generation of the Contratos Plans, Territorial Pacts (Pactos Territoriales), which was designed to incentivize regional co-financing and promote inter-departmental investment projects.
- Clear evidence is not provided in the ICR whether the introduction of standard project design was attained. As stated in the Theory of Change, the aim was to design and execute investment projects efficiently with a standard quality nationwide, which would facilitate investment prioritization. There is discussion in the ICR is about the use of the standard design (paras 58 and 61) but it does not report clearly whether or not the introduction of the designs improved efficiency and quality of design and implementation of the sub-national investment projects.

As per the assessment above, the sub-national investment prioritization was substantially improved due to the well-designed and effectively implemented Contratos Plans, despite the uncertain information on the adoption of the standard project design.

- In light of the considerable progress made on sub-national financial management and investment prioritization, the overall achievement of Objective 2 is rated substantial.

Rating
Substantial

5. Outcome



The overall outcome of the program objective is rated **satisfactory**. This rating is based on the **substantial** relevance of the program and the **substantial** relevance of its design. The efficacy of the program is rated **substantial** based on the following assessment:

Objective 1: To Strengthen institutions for land management and territorial planning - **Substantial**

- To strengthen institutions for land management - Substantial
- To strengthen institutions for territorial planning – Substantial

Objective 2: To improve sub-national financial management and investment prioritization - **Substantial**

- To improve sub-national financial management – Substantial
- To improve sub-national investment prioritization - Substantial

Major reforms were achieved. A significant achievement under Objective 1 was made to formalize the rural land through the establishment of ANT, although this review could not confirm whether the ADR had sufficient capability to manage rural development. Nevertheless, overall land management has been substantially improved given the historical and conflict context in rural areas in Colombia. Territorial planning has been substantially improved due to the multipurpose cadaster which integrated both physical and legal cadaster records, while POT Modernos program strengthened territorial planning with multi-level planning. Objective 2 was also assessed substantial because of enhanced financial management and investment prioritization at a sub-national level which was primarily informed by an extensive use of the FUT and the implementation of Contratos Plans. The overall outcome of the DPF is therefore rated **satisfactory**.

a. Outcome Rating
Satisfactory

6. Rationale for Risk to Development Outcome Rating

Financial: Financial risks remain. Implementation and scaling of reform programs have shown a positive signal. The creation of land funds and regional funds is important to enabling the extensive land registration as well as fostering regional integration through Contratos Plans. However, financing to the institutions remains moderate risks. Newly created institutions, i.e., ANT and AR, have limited self-financing capability and are largely dependent on external funding.

Institutional: There remain moderate institutional risks. The ICR (para 69) reported that significant coordination between the IGAC and ANT is needed to implement the multi-purpose cadaster, which will be strengthened by the ongoing Multi-cadaster Development Project. Full implementation of the POT Modernos requires more ownership within the subnational governments to increase the number of updated POTs.

Social and political: Social and political risks are low. The government has firmly committed itself to the territorial development agenda in recent NDPs. Social risk to reverse the reform is deemed to be minimal



because the land formalization primarily gives benefits to the people who had severely been affected by conflict and security.

a. Risk to Development Outcome Rating

Modest

7. Assessment of Bank Performance

a. Quality-at-Entry

The design of the program was informed by strong analytical underpinnings and lessons from the past DPF operations as well as closer coordination within the Bank. Each prior action was informed and designed based on the earlier findings by the World Bank, IMF, OECD, USAID, and government documents (PD Annex 6). In addition to the analytical underpinnings, the DPL brought prior actions in the reflections from the sectoral DPLs, in particular, the Programmatic Productive and Sustainable Cities DPF series, and was complemented by various investment financing operations and technical assistance (ICR para 5). Furthermore, given the multiple sectoral nature of the DPL, the Bank demonstrated exemplary internal coordination between the Social, Urban, Rural and Resilience and Governance Global Practices to bring the relevant sectoral knowledge to bear on the project's preparation and appraisal (ICR para 18).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank's supervision missions closely monitored the program's reform and helped the government implement relevant reform programs. The Bank also continuously conducted a policy dialogue with the DNP, while providing technical assistance to support the reforms. In addition, the Bank's supervision missions included a range of skill sets such as urban development, public administration, land administration, and sustainable development, which fostered the substantive discussions with the government. An adequate macroeconomic policy framework was maintained given that the country economist regularly engaged with government counterparts, especially the Ministry of Finance, but also with independent analysts in Colombia and abroad, whose assessments were reflected in the monthly macroeconomic monitoring notes. However, it should be noted that none of the assessment of the macroeconomic policy framework was presented in the ICRR, nor in the supervision report.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory



8. Assessment of Borrower Performance

a. Government Performance

The government was firmly committed to advancing the territorial development agenda over time. The government defined its national goal for urban and rural development through the Mision del Sistema de Ciudades (2012), a high-level initiative to define national urban policy, and Mision para la Transformacion del Campo, a government document defining rural development challenges (PD para 22). These territorial development visions were embodied in the National Development Plan (NDP) 2014-2018 which outlined a program of country's reforms to strengthen territorial development to reduce gaps between leading and lagging regions (ICR para 21). To reform the land information and management system, the government has been developing a Territorial and Land Use Planning General Policy, which will shape medium to long term strategic land use policy (ICR para 22). In a recently approved NDP 2018-2022, the government continues to prioritize regional development by reducing the gap and inequalities by the regions (ICR para 30).

Government Performance Rating

Satisfactory

b. Implementing Agency Performance

The implementing agencies of each prior action satisfactorily implemented relevant reform programs. DNP played a central role in the overall management of the project; implementation of the policy framework through the approval of legislation; monitoring of the progress of results framework; coordination with the concerned agencies for the respective prior actions such as ANT, ADR, Ministry of Housing, City and Territory, Ministry of Finance, and Colombia Compra Eficiente (ICR para 74). However, there were hurdles in the capacity of the National Planning Department to successfully influence policy reform in all sub-national government entities because of their heterogeneity in size and capacity. Consequently, the outcomes of the reforms were not always fully internalized at a local level to enable territorial planning and the effective use of investment instruments (ICR para 21).

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The DNP played the central oversight responsibility for coordination, monitoring, and evaluation. The DNP's Territorial and Public Investments Sub Directorate was the main entity for coordination with the relevant sectoral agencies. Public Policy Monitoring and Evaluation Department of DNP was responsible for M&E and



result indicators for the DPL. The responsible institutions of the prior actions were clearly defined in the results framework. With regard to the indicators, some indicators could have been improved to measure the extent of the reform rather than the process such as the number of standard investment projects.

b. M&E Implementation

The DNP regularly monitored the indicators and reform process for the project, while engaging with the Bank. The DNP's evaluation unit has collected and populated relevant indicators in coordination with responsible entities for each prior action. The supervision of this activity was adequately performed.

c. M&E Utilization

The collected data and indicators were regularly reviewed by DNP, ANT, and ADR to assess the progress of the policy reform (ICR para 26). The respective policy reforms were well monitored to foster territorial development. Under the Contratos Plan, the government developed a stronger monitoring and evaluation framework that monitored investment implementation with the creation of committees by the project stakeholders comprised of subnational governments, contractors, FONADE and DNP to enable effective program implementation (ICR para 55).

M&E Quality Rating

Substantial

10. Other Issues

a. Environmental and Social Effects

Although no safeguard requirements were triggered by this operation, the DPL would have indirect positive effects on poverty reduction. The multi-purpose cadaster enabled better management and planning, formalizing the land tenure and registration, leading to improvements in the standard of living. For example, as stated earlier, with the establishment of the ANT, 173,339 ethical communities and 29,824 displacement victims gained access to the formal land tenure for their land.

b. Fiduciary Compliance

The ICR did not report fiduciary compliance, though the PD mentioned that the national-level public financial management (PFM) systems were at an advanced level of performance and the government was implementing an accounting and auditing reform to adopt and implement international accounting and auditing standards (PD para 74). The prior action on establishing the single national public sector accounting standard was supportive



of the reform by applying the International Public Sector Accounting Standard (PSAS) adapted to the Colombian model (ICR footnote 32).

c. Unintended impacts (Positive or Negative)

ICR (para 64) reported that the replanting of illicit crops has fallen to less than 1 percent due to the fact that the farmers replaced illicit crops in exchange for the official land titling by ANT.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Satisfactory	Satisfactory	---
Borrower Performance	Satisfactory	Moderately Satisfactory	There was a shortfall to influence the policy reform to subnational governments, which presented the mixed results.
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006. The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

The ICR provided nine lessons with the reflection of the operational experience that characterized the importance of ownership and capacity of different levels of the government, Bank’s internal collaboration, long-term engagement, public awareness and active participation to bring cadaster reform, and efficient and effective institutional coordination. The lessons were informative when implementing similar policy reforms in the area of territorial and financial management. The ICR’s lessons are, however, limited to reflecting its



operational expertise and lacked the critical assessment of the program design. The following lessons that IEG found are meant to inform the other DPFs in their program design.

Clearly define objectives of the pillars of a reform program

The program document was not explicit on what reform objectives of the policy areas/pillars expected and how these pillars contributed to the program objective. The program consisted of two pillars which were (i) strengthened institutions for land management and territorial planning and (ii) improved sub-national financial management and investment prioritization. The program document, however, did not present the objective or aim of the pillar and as a result, prior actions were simply a bundle of policy actions without a clear path to the objective. For instance, neither program document nor the ICR explained the ambition or objective of Pillar 1 and simply listed the prior actions. As a result, the ICR was not able to demonstrate what consolidated outcome was achieved based on the group of prior actions. The lesson is that defining the objectives of the pillars/policy areas enables the DPF to causally link prior actions through pillars/policy areas to the program objective.

Orienting prior actions and indicators to the outcomes

While most prior actions in this program were oriented to the outcomes, some were limited to the process of the reform, leading to the limited fulfillment of the policy reform. Such policies as multi-purpose cadaster, rural land administration and Contratos Plans clearly defined the problem and thrust into the structural change of the policy area. Coupled with the criticality of the policy area, the outcome of the prior actions was clearly presented. On the other hand, some prior actions such as financial reporting requirements and standard project designs were the intermediate process to achieve the objective of the policy area. The indicators associated with the prior actions were also not designed to assess the outcome of the policy reform. As a result, the outcome of these prior actions did not capture the final outcome of the policy reform. The lesson is that when developing prior actions and indicators, it is essential to delineate the intended outcome of the reform, and prior actions and indicators need to be oriented to achieving it.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was succinct and presented a cogent summary on this operation. The context and design aspects of the program were clearly articulated. The efficacy section provided a wide array of reform results, while it could have been improved had the ICR oriented itself to the outcome of the reform, rather than documenting intermediate results. The outcome of enhancements in financial management through FUTs and standard procurement design should have been documented in the ICR. Some solid lessons were constructed based on evidence and hands-on experience of the government and Bank task teams.

On the other hand, although improved fiscal management at the sub-national level was a significant part of this program, there was only one reference to the macroeconomic policy in the ICR. This was, inter alia, that



“macroeconomic risks were well identified at appraisal, assessed as moderate overall, and mitigated” (ICR, para 20). There was, however, no assessment in the ICR on whether the Colombian authorities had maintained "an adequate macroeconomic policy framework" during the implementation of the program as required by the Loan Agreement.

Despite some shortcomings this review has rated the quality of the ICR as substantial.

a. Quality of ICR Rating
Substantial