1. Country and Sector Background

Colombia is a highly urbanized country with 73% of its population living in urban areas in 1998. Rural-urban migration continues to be strong, mostly because of social conflicts in the countryside. Colombia’s largest urban agglomeration is Bogotá, with an estimated population of 7 million, followed by Cali, Medellin, and Barranquilla, each having close to two million people. Among the main problems facing Bogotá and other large cities are: (i) inadequate management of the public transport system; (ii) deficient land-management policies which lead to unregulated urban growth and the appearance of unapproved settlements in ecologically-sensitive areas or those in which it is technically or financially difficult to provide adequate services; (iii) unsatisfied demand for basic urban services; (iv) high unemployment and underemployment levels; and (v) increasing urban crime, violence and insecurity. While the GOC has recently taken steps to focus more on agglomerated areas, it still has not fully developed specific policies with respect to the management of large cities and metropolitan areas. Instead, it has traditionally focused in the past on decentralization, city-planning processes, and on sectoral policies, some of which affect certain cities more than others.

Political, fiscal, and administrative sectors. The District is currently divided into 20 localities which together receive 10% of its tax revenue in transfers. The funds are allocated proportional to the level of poor people living in each locality. These localities draw their development plans in a participatory process but except for minor maintenance activities, it is the central city Government which executes the projects.

The revenue structure of Bogotá is not compatible with the city’s growing
financial needs. Recent reluctance of the City Council to approve several new tax and cost-cutting initiatives has added to the problem. The decentralization process, which began in Colombia in 1983, provided opportunities for residents to choose local representatives through elections every three years and granted greater independence for municipalities to organize themselves to address the needs of their residents along with full responsibility for financial management. (A new law aimed at extending the term of elected municipal representatives with greater flexibility for seeking reelection is to be implemented in 2004). The Law of Urban Reform (1989) was designed to assist municipalities to improve their operations through such mechanisms as expropriation, designation of priority areas for urban expansion, land banks, land readjustment, land improvement tax, and transfer of construction and development rights. Unfortunately, for both political and technical reasons, many Colombian municipalities never made full use of their ability to improve financial self-sufficiency through their own tax base, cost-recovery policies and other initiatives. Instead, they preferred to continue with their high dependency upon mandatory revenue-sharing resources from the GOC, the consequence being a precarious financial future for many of them because of fluctuating transfers and high municipal debts, most of which are guaranteed by future national transfers. Bogotá is among the few municipalities which took several tax-reform measures, sought out new revenue sources, reorganized and streamlined several sector institutions and found various ways to improve its operations to the point where it was able to successfully float bonds internationally and locally for some of its funding needs. In spite of the positive actions taken, the financial health of Bogotá deteriorated recently as a result of country macroeconomic problems which affected both direct transfers as well as property values and business activity, the latter two being important sources of own-revenue for Bogotá. Additionally, the capital investments completed over the past few years will demand increased recurrent expenditures in operation and maintenance costs.

Legal and Other Reform Measures. Preparation and implementation of long-term development plans is a legal feature which became mandatory in 2000 for all municipalities. Subsequent laws have been designed to strengthen the planning process at the city and regional levels. These include provisions for municipal preparation of environmental plans, determination of the conditions for creating metropolitan areas, strengthening of citizen participation in the decision-making processes of cities and recognition of recent legislation regarding environmental, metropolitan and territorial issues. Law 388 of 1997 established that all municipalities have to design and implement spatial plans (Plan de Ordenamiento Territorial, POT) which cover a ten-year period and deal with land use, land regulation, development and city expansion. Spatial plans are also intended to provide a long-term vision guiding the preparation of three-year local development plans (PDs), which every municipality must prepare in consultation with the local population. Through a combination of legal and reform measures, the GOC has been moving the urban agenda towards more efficient and integrated urban planning, inter-election continuity, and high levels of citizen participation in the urban decision-making process.

Community Participation. During the process of preparing the POT for
Bogotá almost 900 private and public institutions participated through workshops, teleconferences, seminars and surveys. The final document incorporates the recommendations and observations of a very wide cross section of citizens, community and social organizations. The POT identified planning units or Unidades de Planeamiento Zonal (UPZ) according to various physical and functional characteristics, with identification of their current status and long-term potential, along with the plans, programs and projects needed to achieve the results envisioned. The POT classified 28 UPZs as Type 1, which meant among other things that they were non-consolidated areas with deficiencies in infrastructure, accessibility, public space and services. It also defined a subprogram for neighborhood improvement, the Programa de Mejoramiento Integral de Barrios (PMIB). The PMIB prioritized 14 of these UPZs according to several criteria specified in the POT which are aimed at promoting development of strategies for improving physical as well as social and institutional conditions in the identified UPZs. These provide the framework for the upgrading component of the proposed project, which supports the physical, social and institutional aspects of the PMIB in the selected UPZs, with special efforts being made to promote community participation in the formulation of proposals for neighborhood improvement activities.

Urban Upgrading. It is estimated that Bogotá has just over 1,400 informal settlements occupying 24% of its area and housing 22% of its population. Although there have been important efforts over the past decade aimed at addressing shelter problems (e.g., land tenure reform, subsidy programs, specialized lending-entities and systems, infrastructure investments), the results have not been very satisfactory as evidenced by the large and growing number of informal settlements in the city. The response of the District to these issues has been: (i) providing support to poor neighborhood upgrading projects with co-financing from multilateral and bilateral institutions; and (ii) the creation of Metrovivienda, a District agency in charge of acquiring vacant land, contracting out the urbanization work, and selling the urbanized plots to builders who in turn sell the plots with units to families who meet the profile and conditions established by Metrovivienda. In this way, Metrovivienda seeks to reduce some of the obstacles (delays and high transactions cost) facing private developers who attempt to acquire and develop raw land on their own. By targeting large tracts, Metrovivienda is also trying to preempt unapproved and sub-standard development of such land by private developers who do not comply with various minimum urbanization requirements and consequently create settlements which ultimately require costly public investments for in-situ upgrading works.

The Caja de Vivienda Popular (CVP), was created in 1942 to promote housing for the working class in the city. Over the years, other entities were created to respond to the growing housing deficit problems. The housing sector is currently structured through the Comité de Gestión Urbana y Habitacional (CGUH) in which Metrovivienda, CVP, Urban Renewal, Corporación La Candelaria and the Sub-secretariat of Housing participate as executing entities. Under this scheme, the CVP was assigned the following functions: (i) coordination of the Programa de Mejoramiento Integral de Barrios (PMIB); (ii) housing improvement (physical upgrading and land tenure); and (iii) resettlement of population located in high risk areas and close to bodies of water.
The recently-elected national administration has proposed several changes in ministerial and sectoral responsibilities. In line with these proposals, the District Government also has a proposal for institutional and functional changes within several entities. In this context, the plan is to place the CVP and its functions within the administrative structure of the District’s Environmental Entity, DAMA. While final approval of this proposal is still pending, a review shows that the proposed changes will not significantly affect implementation of this component primarily because there is already ongoing discussion among the main actors on how to address any transition issues.

As part of its efforts to address the needs of residents in marginal areas, over the past four years, the District has carried out the Programa de Desmarginalización and Programa Mejoremos el Barrio y la Casa, which are aimed to improve living conditions of about 650,000 inhabitants in low-income neighborhoods. The goal of Programa Mejoremos el Barrio y la Casa is to integrate such areas into the District economy by increasing the participation of the residents in various economic and social activities. Reflecting a holistic approach, the program includes the following components: neighborhood legalization of tenure, investment in schools, parks and infrastructure as well as improvement of institutional capacity and community participation. The proposed project is consistent with the goals of this initiative insofar as there are subcomponents geared toward assisting both the District’s Planning Department (DAPD) with its housing policy plans as well as the Caja de Vivienda in the formulation and implementation of the PMIB.

Transport Sector. Decentralization of most transport sector functions to local governments in 1987 and 1993 left the Ministry of Transport with the role of regulator and policy-maker for national sector activities. At the Bogotá District level, the Traffic and Transport Secretariat (STT), is the regulatory and policy-making entity. STT is also responsible for traffic management, public parking, supervision of public transport, vehicle inspections and the processing of drivers’ licenses. There are three other municipal entities which share responsibility for managing the transport sector in Bogotá: (i) the Urban Development Institute (IDU), which is in charge of the planning, execution and maintenance of infrastructure projects; (ii) the Public Works Secretariat (SOP), which used to be the main agency responsible for road maintenance; and (iii) Transmilenio S.A., which plans and manages the city’s innovative busway system. In 1997, the District Government transferred almost all of the operations of SOP to IDU but the District Council did not approve the elimination of SOP. The current Administration is considering merging the operations of STT and IDU, and liquidating SOP by placing its residual functions within the administrative structure of a new Secretariat.

In the late 1990s, the District authorities decided to respond to citizen complaints against a chaotic transport system marked by long travel times, high levels of air pollution, an old public-transport fleet which was inefficiently operated, and a poor use of road space. The plan began with formulation of a long-term mobility strategy aimed at changing the transport system in line with the POT objective of improving the quality of life of residents while making the city more efficient and competitive. Among the key elements were priority for public transport, exploring alternative travel modes and creating disincentives aimed at reducing use of private cars. The main actions taken in support of this strategy included: (i) design and implementation of the first phase of a
comprehensive and efficient mass transit system, Transmilenio, using segregated busways and involving far-reaching structural reforms of the traditional bus operations; (ii) promotion of the use of non-motorized transport and improvement of public space; and (iii) restriction of private car use in peak hours and introduction of an annual car-free day.

The Bank-financed Bogotá Urban Transport Project (Ln 4021-CO) had a significant impact in supporting this strategy, both through the provision of financing for the construction of the first busways and in TA to the District. Bogotá’s new transport policies in general, and Transmilenio in particular, have received wide international recognition and acclaim for their innovativeness, social responsiveness and financial and environmental sustainability. More importantly, the residents of Bogotá are proud of their city’s achievements, as evidenced by continuing high ratings in opinion surveys carried out by local NGOs. Encouraged by this strong support, the city administration has formulated the following vision statement for the year 2006:

a) Increase Transmilenio coverage by building an additional 40 km of busways, and support infrastructure (300 km of additional feeder routes and 80 new stations), maintaining the private participation model for its operation, and involving the public in its planning and control. It is expected that the system will move about 1,800,000 passengers on a typical work day (24% of all public transport trips).

b) Increase the use of non-motorized transport, with the widening of sidewalks, bike-paths and malls. It is expected that 19% of total trips taken will be done on foot, and 6% by bicycle.

c) Reduce private car use by 10%, applying an array of administrative and economic incentives, disincentives and restrictions.

d) Reduce the existing bus fleet by half (from about 21,000 to about 16,500 registered vehicles) through a combination of administrative, economic and financial measures.

e) Extend the city mobility strategy to the metropolitan region.

For the long-term horizon, the vision for the year 2016 includes a further increase in the coverage of Transmilenio, with the construction of more exclusive busways (388 km) and support infrastructure (1,000 km of additional feeder routes), maintaining the same operational framework. It is expected that by that time, about five million trips would be made on a typical workday on the expanded Transmilenio system.

The Bank-financed Bogotá Urban Transport Project (Ln 4021-CO), has had a significant impact supporting the District’s transport strategy and its operation. By leveraging project funds and TA, the Bank was able to provide assistance in preparation of TORs, legal and related studies and in plans for phasing out the operation of SOP, assisting in the privatization of several functions of STT and for dismantling the local transit police force. Between 1996 and 1998, the ratio of income to expenses among sector institutions grew from 61% to 74% and the operating costs over the period was reduced from 17% to 10%. Traffic enforcement measures improved substantially and the collection of traffic fines
increased fourfold. Vehicle-registration transactions processed by the private sector also increased from 467,000 in 1999 to 607,000 in 2000, an indicator of improved efficiency. The unit cost of road maintenance dropped by about 77%, mainly because of increased competition, and the inventory of network under active maintenance grew by about 66% between 1996 and 1999. The TA program helped to finance several studies and pilot programs for: parking, accident prevention, non-motorized transport, public transport improvement, traffic signal optimization, recycling of used tires and batteries and noise-reduction monitoring and enforcement actions.

Water and Sanitation. The agency in charge of providing water and sanitation services in Bogotá is the Water and Sewerage Company (EAAB), an autonomous company owned by the District. The overall level of service provided by EAAB is good in terms of water coverage (96%) sewerage coverage (87%) metering (98%), continuity of water supply (24 hr/day) and quality of supplied water which conforms with established standards. At the same time, within several low-income areas, there is inadequate water, sewerage and storm water drainage coverage. Consistent with the POT, the EAAB has already started to provide the trunk and network systems needed to improve coverage and service quality in the identified areas. Over the years, the Bank has provided assistance to the EAAB in various investment and reform measures, the latest being Loan 3952/53-CO, under which the EAAB has undertaken an ambitious modernization program aimed at rehabilitating and maintaining its key assets, reducing the vulnerability of water supply system by securing backup sources and increasing coverage in poor neighborhoods. EAAB is also making preparations to address efficiency and service quality issues through plans for cost reductions and greater private sector participation in its operations.

Crime and Violence. Citywide surveys in Bogotá invariably show crime and violence high on the list of citizen concerns. The Mayor sees crime and violence as a manifestation of a lack of a sense of community which is very much related to the deprived living conditions and lack of access to employment opportunities in these communities. A key element of the Mayor’s development plan is a Citizen’s Culture program (Cultura Ciudadana) which, among other things, seeks to use a wide array of messages and actions aimed at reducing conditions which encourage violence. Among some of the actions taken by the city council are restrictions against carrying firearms, limiting the hours of service of entertainment establishments, creating parks and playgrounds, campaigns against drunk driving and strengthening of various enforcement mechanisms. Crime reduction in Bogotá has been significant but continued efforts are being made to reach all groups of citizens at various contact points (streets, schools, churches, parks, cultural and social events), to cultivate a spirit of cooperation and community among citizens.

2. Objectives
The objective of the proposed project is to assist the Municipality of Bogotá to implement a strategic portion of its three-year Development Plan (PD), consistent with the ten-year spatial plan (POT), aimed at improving urban livability by increasing access, coverage, quality, reliability and inter-agency coordination in the provision of transport, water, sanitation and related basic services, particularly for residents in low-income areas.
According to the 2001-2004 Development Plan for Bogotá, the primary objective is to move away from sectoral to comprehensive policies so as to collectively build an inclusive and equitable city. The basic premise is that the city is the product of social, cultural, economic, physical, and environmental factors, which together determine the quality of life. In line with this perspective, the Municipality has achieved a solid record of innovative policy and project implementation, along with a strong financial management and governance structure for which it has had several awards, the latest being UN recognition of its operation over the past decade. These improvements in municipal operation and adoption of a ten-year planning horizon make Bogotá an excellent candidate for an integrated multi-sector operation, which is more complex and more focused upon a longer-term perspective than past Bank operations in the sector.

The project objectives are to be achieved through investments in transport, water and sewerage infrastructure works, environmental improvements and community development activities. These, along with other city-wide transport investments and institutional and policy-reform measures, are aimed at improving operation of the transport, water and some shelter-related entities in about fourteen of the city’s poorest Unidades de Planificación Zonal (planning units or UPZs), inhabited by just over 1.2 million residents, who currently account for almost a fifth of the total population of Bogotá.

The project objectives are consistent with achievements made by Bogotá over the past decade to improve living conditions for all residents, especially the poor. Among such achievements are development of a strong financial base with high dependency upon local revenue sources; improved efficiency and services through privatization of various public entities; improved coverage of basic infrastructure, education, health and housing services and institutional and policy reforms discouraging use of private automobiles and encouraging efficient public transport. Bogotá’s public transport system, the Transmilenio has generated worldwide interest. Although only three of a planned twenty-two line system are currently in operation, Transmilenio is regarded as a very simple, efficient and user-friendly system costing about 10% of the investments needed to move the same number of passengers in conventional underground metro systems. Other innovations of the District include restricted use of 40% of private vehicles during peak hours (Pico y Placa); reclamation of public space; disbanding the local transit police and transferring their functions to the national police; promotion of non-motorized transport systems; private concession for several transit functions and private participation in road maintenance contracts. All of these actions have been accompanied by an ongoing institutional reform program which has achieved significant reduction in operational costs and freed more resources for increased coverage in transport and road maintenance investments. A just-completed Bank loan for US$65 million (the Bogotá Urban Transportation Project (BUTP), Loan 4021-CO), helped finance an investment program of about US$184 million, primarily in the transport sector. The proposed loan, Bogotá Urban Services Project (BUSP) has a much broader focus, including both transport as well as urban upgrading, technical assistance, institutional and environmental components. Both projects share several common features, including the role of participating entities, type of works, and in the institutional, financial and administrative arrangements.
3. Rationale for Bank’s Involvement

The Bank has extensive global experience in both investment and policy areas of urban upgrading projects, urban transport projects, urban water and sanitation projects and projects in promoting community and social development. Having been involved in the Colombian urban sector for many years with several successful operations and a solid implementation record, the Bank has gained the confidence of both District and GOC authorities. It is currently in a unique position to assist Bogotá to consolidate and build upon the achievements of earlier transport, environmental and water projects and to help in transitioning the District to a new phase for possible future programmatic lending.

4. Description

A. Improved mobility. (US$180.87) This component, to be executed by IDU, Transmilenio and STT- FONDATT, includes actions for continued expansion of the second phase of the Transmilenio system and continued improved access to public transport. It comprises the following activities: (i) construction of busways in Avenida Suba from Calle 80 to Avenida Ciudad de Cali; (ii) upgrading and rehabilitation of feeder routes which connect neighborhoods to the Transmilenio system as part of an integrated system; (iii) construction of bicycle paths and sidewalks as part of non-motorized transport facilities; and (iv) measures for improving public transport, road safety and traffic administration in the city of Bogotá.

B. Urban upgrading. (US$76.34) This component is designed to support the activities of the Programa de Mejoramiento Integral de Barrios (PMIB), which is the District’s urban upgrading program derived from the POT and PD. CVP is the institution in charge of coordinating the infrastructure works and social activities undertaken by IDU, EAAB, DAAC and DAPD in the selected 14 UPZs. The infrastructure works comprise: (i) planning and legalization of barrios; (ii) construction of storm water drainage systems, water and sewerage systems (iii) upgrading and rehabilitation of access roads; (iv) resettlement of population located in high risk areas, including flood plains; (v) construction and rehabilitation of public space and community services; (vi) improvement of environmental conditions; and (vii) technical assistance for home improvement and land titling activities. The social activities associated with the physical works include: (i) promoting citizen culture; (ii) strengthening social organizations; and (iv) assisting vulnerable population.

C. Institutional strengthening. (US$14.46) This component is aimed at improving the performance of the institutions in delivering urban services through activities that will guarantee the social, environmental and financial sustainability of the works undertaken by the proposed project. The activities include technical assistance for District institutions working in areas ranging from transport, housing and environmental management sectors (IDU, CVP, DAMA), to planning and financing urban development activities (DAPD and SHD). Specifically, this project will support the following actions: (i) equipment and consulting services to develop an information system for road infrastructure administration (IDU); (ii) creation of mechanisms to improve the coordination among District institutions, community organizations, NGOs and the private sector for the implementation of neighborhood improvement programs (CVP); (iii) environmental studies and equipment for improving air quality.
management and enforcement and recovering of land-degraded UPZs (DAMA); (iv) preparation of mobility, housing and regional policies which would provide input for the development of future policy measures in the city (DAPD); (v) studies and consulting services for strengthening fiscal management and increasing District revenue (SHD); and (vi) consulting services and equipment for the Project Coordinating Unit.

5. Financing

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6. Implementation

It is envisioned that the proposed project will overlap with the final year of the three-year election cycle at the District level. The District of Bogotá will be the borrower and the GOC will be the guarantor. Bogotá will assume the foreign exchange risk associated with the proposed loan. The proceeds of the loan to the various participating District entities will be passed on as grants from the District under individual subsidiary agreements acceptable to the Bank. The Project Coordinating Unit which was created to assist in the implementing of the previous transport loan to Bogotá (Loan 4021-CO), will continue to provide a similar function for the proposed loan. A review of the PCU shows that while it already has capable and efficient staff, it will need an expert in Bank procurement policies to assist the implementing entities in their procurement tasks. There will also be need for project financial management assistance for the staff of the PCU. The PCU is located in the Finance Secretariat (SHD) to which all of the District agencies report. After the first year, the entities would have the primary procurement responsibility and the PCU will provide any needed support. The smaller entities may continue to need more assistance throughout the project and appropriate provisions would be made to facilitate this. Even though the EAAB is not receiving project funds under this loan, it has the obligation to provide the water and sewerage services on a timely basis in the project UPZs. While the programmed investments in sewerage and water works in the selected UPZs is counted as part of the project cost, the District has requested that these investments not be considered as project counterpart funds since the District has an ongoing arrangement to ensure that the needed services are provided.

Each of the entities already has within its respective jurisdiction, responsibility for the activities which are to be implemented under the proposed project. Furthermore, the size of the proposed loan proceeds vis-à-vis the budget of these entities is relatively small. While there will be no special units for project-related works within the various implementing entities, each agency will establish and maintain complete records of sources and use of project funds along with the responsibility for periodically submitting all required financial management and other reports to the PCU where a consolidated project account would be maintained.

In line with the institutional changes at the national level, the current administration is preparing various institutional reform measures which
have already been submitted to the Municipal Council for review and approval. These reforms are aimed at creating a more efficient operational structure which, among things would facilitate greater private sector participation and inter-agency coordination. Appropriate provisions will be made in the legal agreements to ensure that none of these reforms or streamline measures would have an adverse impact upon the proposed project. Under the proposed project, IDU, as the agency in charge of constructing, maintaining and improving the city’s road system and open space, will be in charge of the road construction, upgrading and maintenance sub-components, including the relevant policy-reform components. STT-FONDATT, the Transport and Transit Secretariat’s Traffic Safety Fund, will be responsible for executing investments directed towards improving transit management and policies to increase public transport usage as well as non-motorized transport options. Some of these policies include: (i) reorganizing the public transit system and improving its efficiency for public transport, improved control of the non-Transmilenio public transit system; (ii) planning a citywide parking policy that will cover both residential and commercial areas; (iii) implementing an educational campaign to promote voluntary observance of traffic laws; and (iv) improvements in the traffic signal network. For the PMIB component, while each sector-entity will do its respective task in the UPZs, it is envisaged that the CVP will be the coordinating entity for these investments. Along with this task, the CVP will also be responsible for: (i) housing improvement (physical upgrading and land tenure); and (ii) resettlement of population located in high risk areas and close to water bodies. DAMA, the City’s Environment Department, has an important role in the formulation of the POT and PD. In this capacity, DAMA will provide assistance to the various entities as they work in implementation of the proposed project. Similarly, there will be inter-agency contact with Transmilenio, Metrovivienda, DAPD and other entities to the degree that such contact will be needed to facilitate project implementation. Most of Transmilenio’s functions are concessioned to the private sector through a small autonomous entity which focuses on planning, administration and compliance issues. Transmilenio will execute all the investments related to expansion and consolidation of the new system. This unit is funded through a percentage of fare revenues collected by private operators and through the sale of advertising space on the Transmilenio facilities.

7. Sustainability
The prospects for project sustainability are excellent, given that: (i) the project fits perfectly into the three-year District’s development plan (PD) and is consistent with the ten-year spatial plan (POT); and (ii) there have been three strong administrations, which, with Bank assistance, have established several important long-term institutional, policy and related reform measures which cannot be easily reversed. Also, under the current national constitutional framework, the POT and PD cannot be arbitrarily modified and the District is increasingly focusing its attention upon operation and maintenance aspects for its assets.
8. Lessons learned from past operations in the country/sector

Low income neighborhood comprehensive upgrading.

In addressing low-income shelter issues, until recently, most public officials tend to regard the provision of completed new units as the ideal sustainable solution. While it is recognized that unauthorized settlements in inaccessible or hazardous areas are generally costly and difficult to improve, efforts to understand and curb such practices have not had high priority. The option of upgrading works with most residents remaining on-site has not generally been given the attention it deserves and the usual approach has been to do such works after all residents are moved out of the site. Because of such practices, programs providing both new and upgraded units have generally been very costly and unsustainable for all who qualify for such assistance. There is need to seek new approaches involving efforts to prevent such unauthorized settlements in the first instance, and to use in-situ improvements done in stages over time, with affordable appropriate technology and with greater beneficiary participation in both the decision-making process and in all stages of the implementation and follow-up phases. Apart from lower cost, such approaches also tend to promote community ownership, cohesiveness and several other beneficial results. Studies to better understand the process along with community participation, including community contracting of works and in-situ self-help improvements will be features of the upgrading works envisioned under the proposed project.

Cost recovery is an essential element in upgrading programs, if not for recovery of capital investments and expansion, at least to the degree needed for continued operation and maintenance of the assets created. Bank experience suggests that the financial viability of upgraded works and improved services is enhanced when beneficiaries are allowed to make informed choices arising from a participatory process of analysis of priorities, costs (including capital investment as well as operation and maintenance costs) and available resources. Previous projects show that NGOs and CBOs can be effective vehicles for promoting cost recovery, given their unique relationship with the community. The proposed project will take account of household preferences in the process of selecting upgrading works, and with NGO and CBO assistance, efforts will be made to ensure basic community maintenance of the facilities provided under the project.

The Bank’s policy paper on housing indicates that the poor suffer most when housing markets fail. The problem is compounded when the authorities seek to place greater emphasis upon the demand-side assistance where income is one of the most important determinant, rather than on the supply side where governments can do a lot more to reduce transactions costs and facilitate and promote the supply of lower-cost solutions through such actions as land-titling reform, more appropriate construction norms and standards, greater inter-agency cooperation and coordination in providing basic services, with clearer and more consistent monitoring and enforcement mechanisms to prevent settlement in hazardous or otherwise unsuitable areas. Actions aimed at reinforcing more supply-side activities in such areas as land titling and inter-agency cooperation have been included in the proposed project.
Important sector reforms and operational improvements, such as those achieved in the Bogotá Urban Transport Project (BUTP), require visionary leadership with a willingness to take risks, long-term commitment and continuity. In Bogotá, the Bank-City partnership has benefited from these elements over the past six years. The second term of the current mayor adds continuity and stability and provides the opportunity to consolidate and expand upon the achievements of the earlier project.

Even though the positive impact of the BUTP has been much more far-reaching than originally envisaged, issues such as staff reductions are very complicated and difficult to resolve. For example, approximately 4,300 influential unionized workers of various sector entities lost their jobs during the past four years and even though the Public Works entity, SOP, has been stripped of its responsibilities after a reorganization, the city council is still not willing to approve the final stage of legally disbanding SOP. The District was able to accomplish such layoffs because it made provisions early in the design phase, assisting ex-employees with separation packages and retraining assistance to enter the job market. Through such actions as the inclusion of incentives for new bus operators to be in partnership with existing ones, the District is taking account of some of the negative employment effects arising from efficiency increases in the transport sector as old buses and taxis are taken out of circulation. Such actions are needed both from the perspective of making the changes more acceptable to those who are affected as well as on equity grounds.

For project implementation, instead of creating special units to implement the components, it is better to use the entities which are traditionally involved in such tasks. Having a small strategically-placed and ably-staffed coordinating unit (PCU) to help with inter-agency coordination and other such activities greatly facilitated smooth project implementation for the BUTP. There were several staff changes within the various implementing entities for the PTUB. However, the PCU, with close supervision from the Bank, worked well with the counterpart entities to address technical, contract management, resettlement, financial and other implementation issues. A similar approach is being incorporated in the proposed project.

9. Environment Aspects (including any public consultation)

Investments under the project include the construction of dedicated lanes for Transmilenio buses and car traffic in the Avenida Suba, feeder routes for the Transmilenio system, as well as urban infrastructure construction and improvement activities in selected UPZs. IDU contracted a consortium of consultants to prepare the designs and environmental impact studies of the Suba trunk line. The Task Team reviewed the TORs for the environmental studies to ensure that the Environmental Assessment for the Suba trunk line considered both the indirect and cumulative impacts associated with construction activities, such as rerouting of traffic, induced growth, and land-use changes.

An initial screening of the Suba trunk line was carried out during project
preparation, where it was determined that the most relevant aspects to be considered in the EA for the trunk line include: (i) the resettlement of 591 households and businesses, (ii) the rerouting of traffic through secondary roads during construction, (iii) an increase in air pollution and noise levels during construction, (iv) the disposal of construction waste, and (v) potential minor effects on ecosystems in the project’s area of influence, specifically the Córdoba wetlands and Suba hills. The Environmental Impact Assessment prepared by the consultants identified these aspects among the probable negative impacts resulting from the construction of the trunk line. With respect to operation, the consultants identified high noise levels as a probable negative impact, and the reduction in sulfur dioxide emissions and mobility improvements in the corridor as positive environmental impacts. Recommendations for measures to control, prevent, and mitigate construction impacts were provided, such as scheduling construction activities only during the day and ensuring construction equipment is well maintained and utilizes the latest technologies, in order to help guarantee that noise levels fall within the daily norm. In addition, areas of high sensitivity and cultural patrimony, such as the Córdoba wetlands and José María military school, will not be encroached upon with any type of intervention during construction.

The consultants also prepared an EMP to address potentially significant negative environmental impacts during construction and operation. The EMP defines the mitigatory and preventative methods to be carried out, institutional responsibilities, and estimated costs for social management, vegetation and landscape management, and environmental management programs, as well as monitoring and follow-up, to be overseen by the contractor during the construction phase. In addition, the EMP includes the environmental technical specifications for contractors to be included in the bidding documents for the construction of the Suba trunk line.

Under the upgrading component, project investments will construct/improve basic urban infrastructure in approximately fourteen UPZs and the project will finance the upgrading of access roads, storm water drainage systems, water and sewerage systems, public spaces, and the regularization of titles. Most impacts will be associated with construction nuisances, such as noise, dust, and traffic congestion, in populated areas. IDU has prepared operational manuals with environmental guidelines to ensure that during the construction phase, appropriate steps would be taken to address such problems as dust and noise from construction activities, disposal of construction wastes, safety (workers and the public), and timing of construction works. To ensure compliance with the Bank’s environmental safeguard policies, environmental specifications for contractors will be included in the bidding documents and work-specific environmental management plans, subject to IDU’s approval before works begin, will be prepared by the contractors.

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

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