1. Country and Sector Background

Like most of Latin American countries in the last decades, Colombia has experienced a high population increase in urban centers due to several economic and social factors. In addition, Colombia has also experienced several decades of armed conflict that has displaced approximately 2.5 million people from rural to urban areas, of which 50% have been located in the four largest cities. As a result today 75% of the total population of Colombia lives in cities. This concentration process has moved poverty issues away from rural areas into the cities, as it is now estimated that two thirds of the Colombian population living below the poverty line is located in urban areas. World Bank: (Colombia Poverty Report. 2002).

Colombia’s largest urban agglomeration is the city of Bogotá with an estimated population of 6.5 million, followed by Medellín and its metropolitan area close to 3 million, and Cali and Barranquilla, each having close to 2 million. Pereira, Bucaramanga and Cartagena follow with populations ranging between 700 thousand and 1 million inhabitants. Given the demographic trend and the fact that the cities have been consolidating as pillars of productivity and economic growth as well as concentration poles of poverty related issues, the government has come to consider urban policies as a relevant component of the national development strategy.

A large proportion of the urban poor do not have access to reliable and affordable transportation, and as a result remain excluded from employment opportunities, health facilities and interaction with the rest of the community. A transport system able to provide efficient mobility and accessibility for all inhabitants in the city is a powerful tool to promote growth, alleviate poverty and achieve social and political integration, while improving environmental conditions and triggering public space upgrading. Improving the quality of life in urban areas is expected to contribute to building a more equitable society.

Colombian urban transport issues:

*High dependency on public transportation systems by the poor.* In Colombian cities, three out of four persons use public transportation to travel to work, study or leisure. Most of these people live in the low-income neighborhoods of the cities. The poor spend around 25% of household income in public transportation, which is a relatively high rate for regional standards. Despite this, urban infrastructure has
been used inefficiently, as it has traditionally favored the use of private vehicles, which use 80% of the space but only mobilize 25% of the people traveling within the city.

**Poor quality of public transport systems.** Bus transportation in Colombian cities is of low quality, low operating speed, resulting in excessive travel times, high levels of congestion, high accident rates and elevated levels of air and noise pollution. In the main transport corridors of the largest cities the average speed, in peak hours, is less than 10 km/hr, significantly lower than international benchmarks (around 20 km/hr). This negatively affects the cities’ productivity, increases the emissions of air pollutants, and rises the exposure of the affected population. In terms of safety, according to the Road Prevention Fund (*Fondo de Prevención Vial*), nearly 40 percent of all traffic accidents involve public transport vehicles.

**Inadequate regulatory framework.** The current regulatory framework has failed to improve the quality of service and has not contained the cost of service provision. In most cities, municipal authorities grant permits to private enterprises allowing them to operate given routes. These companies don’t own the buses and their revenues rely on the number of buses they affiliate to operate the system: the more buses, the higher the profits, resulting in an oversupply of about 50% of the needed seats. Bus owners pay a fix rent to the affiliated company implying that, their profit is directly proportional to the number of passengers they serve, generating what is commonly known as the “penny war” (*guerra del centavo*). Consequently, the bus operation system is a de facto unregulated system that promotes competition in the market (in the streets picking up passengers) and not for the market (this is, for the routes that will provide the service under pre-established parameters).

**Lack of institutional capacity to deal with the above issues.** There is weak institutional capacity at the national and municipal levels to formulate and coordinate policies aimed at improving transport planning and traffic management. In some cases, there is duplication of functions and responsibilities among several authorities. In general, operating licenses for transport companies are given without technical criteria, for political interests and corruption prevail.

In order to address the issues described above, the Government of Colombia (GoC) set up a National Urban Transport Program (NUTP). The NUTP is an open ended program that envisages GoC’s annual transfers until 2016 for works within in large size and middle-size cities. Currently, seven Participating Cities that have subscribed Subsidiary Agreements for the co-financing of the implementation of works are Bogota, Cali, Pereira-Dos Quebradas, Cartagena, Soacha, Bucaramanga, Barranquilla and Medellín-Valle de Aburra. The Bank project is financing interventions in all of these cities, except Cali. The overall purpose of the NUTP is to improve quality of life and increase urban productivity in those participant cities and its design aims at: (i) improving the efficiency and safety of public urban passenger transport services; (ii) providing reliable accessibility to the poor; (iii) enhancing private sector involvement in service provision; (iv) reducing air pollution and greenhouse gases –GHG- emissions; (v) driving comprehensive urban development processes, and (vi) promoting intermunicipal coordination within the metropolitan areas and interagency coordination within the municipalities.

### 2. Objectives

This World Bank project will continue the support to the NUTP initiated with the Integrated Mass Transit Project, Project ID P080246, Loan No. CO7231. The project is expected to continue to foster productivity and competitiveness in participating cities, provide better services to the poor, and improve the quality of life in urban areas. A more reliable and quick public transport system is expected to address the low level of mobility of the poor, by reducing their exclusion through improved access to services and opportunities at affordable prices and reasonable travel times, hence contributing to a more socially inclusive growth pattern.
3. Rationale for Bank Involvement

The Bank has extensive experience in supporting urban transport projects in Colombia and in other countries in Latin America. For example, in Brazil, Peru, Argentina and Chile, Bank projects supported implementing mass transit systems, including Bus Rapid Transit Systems (BRTS), to improve travel times and overall quality of service. In Colombia, the Bank has had three BRTS interventions: (i) it partially financed the construction of the first phase of Bogota Transmilenio under Loan 4021-CO (Bogotá Urban Transport Project), (ii) it supported the second phase for the improvement of the feeder routes of the system under Project Loan 7162-CO (Bogotá Urban Services), and (iii) it finances GoC transfers to the six Participating Cities of the NUTP (Bogota, Pereira-Dosquebradas, Medellin-Valle de Aburra, Cartagena, Barranquilla and Bucaramanga through the Colombia Integrated Mass Transit System (Loan 7231-CO). Under this later Loan financing, two cities have corridors in operation, namely the Bogota Norte-Quito-Sur Transmilenio corridor (NQS) and the Pereira-Dosquebradas Megabus BRTS system. These three Bank operations reflect the strategic role of the Bank in the implementation of the BRTS in Colombia. The experience gained in this sector will be key in assisting GoC and the Participating Cities to improve the urban transport systems, and a reference for other projects in the region and in the rest of the World.

4. Description

(a) Lending instrument

This lending instrument is a US$ 207.0 million Additional Financing for an initial Loan CO-7231 Integrated Mass Transit Systems of US$ 250.0 million to support the GoC contribution to the NUTP. The first Loan financed the GoC transfers for the project civil works implementation between 2004 and the first quarter of 2007. This Additional Financing will finance a second time slice of GoC’s contributions to the NUTP until the end of 2007. Since the implementation of the NUTP will go beyond 2008, it is likely that GoC will request the Bank to provide subsequent follow on operation(s) to continue supporting the program.

(b) Project development objectives and key indicators

The project supports GoC implementation of the NUTP in the Participating Cities under the IMTS project. This is consistent with the existing project development objectives to: (i) develop quality and sustainable BRTS in selected medium and large cities to improve mobility along the most strategic mass transit corridors; (ii) improve accessibility for the poor through feeder services and fare integration; (iii) build greater institutional capacity at the national level in order to formulate integrated urban transport policies, and at the local level in order to improve urban transport planning and traffic management, enhancing the GoC’s strategic vision for the sector in the long term.

The Additional Financing project maintains the on-going support to the GoC, initiated with Loan CO-7231, to: i) expand BRTS schemes in Bogotá; and ii) introduce BRTS in medium and large size cities, replicating the experience of Bogotá and Pereira, but tailoring it to specific conditions of those selected cities. To achieve these objectives, the project relies on an effective public-private partnership for developing sustainable BRTS in which the roles are assigned as follows: (i) the public sector finances and builds segregated busways and other related infrastructure through a co-financing arrangement between municipal and central government; (ii) private sector operators provide the buses and operate a trunk-feeder system under a concession contract granted by the municipality; and (iii) each selected city creates a public BRTS agency to plan, regulate and control the operation of the BRTS and sets the user tariff that will ensure the sustainability of the system without operational subsidies.
The key performance indicators remain the same as those for the initial Loan, and are the following:

(i) Improved mobility and quality of public transport services in strategic mass transit corridors as measured by:
   - Reduction in generalized door to door travel cost (fare, time) to users
   - Percentage of people rating the system as being better than

(ii) Improved accessibility to low income population as noted by:
   - Increased use by the poor (two poorest quintiles) of public transport services along the area of influence of the planned corridors, with respect to the base line without the mass transit system, both in absolute (number of passenger) and relative terms (as percentage of total number of passengers).

(iii) Enhanced the Institutional capacity for urban transport policy formulation and system development, measure by:
   - At the local level, BRTS agencies that are capable of regulating and securing the sustainability of the system, by maintaining a passenger-per-kilometer occupation index above 4.5 and below 5.4.
   - At the national level, at least three BRTSs schemes operating successfully in targeted cities and Departamento Nacional de Planeacion (DNP) systematically monitoring program performance and its impact, in line with the requirements of the National Economic and Social Council –CONPES- documents on Política Nacional de Transporte Masivo.

(c) Progress in Bank-supported NUTP projects

Through the on-going support to the NUTP under the Integrated Mass Transit System Loan, the following progress has been achieved to date:

(i) Development of quality and sustainable BRTS: Two of the BRTS are already in operation. The Bogota Transmilenio NQS corridor has been in operation since April 2006 with approximately 90,000 daily users, and the Pereira-Dosquebradas BRTS has been in operation since August 2006 with approximately 100,000 daily users. Civil works are underway in the remaining Participating Cities. In total, 35 km of segregated busways have been constructed.

(ii) Improvement of accessibility for the poor through feeder services and fare integration: Feeder services and fare integration have been implemented in the BRTS in operation, and have been included in the designs for the rest of the BRTS.

(iii) Institutional capacity building: Within the Ministry of Transport (MT), an integrated implementing unit was created with the capacity to manage the larger program; In the Participant Cities, five BRT agencies were created using the Bogota Transmilenio institutional framework (Transcaribe in Cartagena, Transmetro in Barranquilla, Metroplus in Medellin-Valle de Aburra, Metrolnea in Bucaramanga, and Megabus in Pereira-Dos Quebradas). The agencies have been staffed sufficiently in terms of number of staff and appropriate skills to implement and operate the systems.

(d) Consistency with Country Assistance Strategy

The proposed Project is consistent with the Country Assistance Strategy (CAS) discussed by the World Bank Board in January 2003, and with the CAS update, presented to the World Bank’s Board in
September 2005. The CAS recognizes that to assist Colombia’s quest for peace, it is necessary to achieve fast and sustainable growth. To reach such a goal the CAS gives high priority to the promotion of competitiveness in the productive sector and to the improvement of access to high quality basic public infrastructure services for the least privileged segments of the population.

(e) Project components

The Additional Financing will continue the support to Component 2 of Loan CO-7231 Integrated Mass Transit Systems. Component 1 (Implementing Capacity Building) will continue to be financed with the aforementioned Loan.

**Component 2- BRTS Development (US$292.2 million, US$207 million IBRD):** This major component will co-finance the development and implementation (infrastructure) of BRTS and feeder routes in selected medium and large cities according to the eligibility conditions, i.e. it will continue to build on already existing project activities. It is estimated that approximately 57 Km of segregated corridors will be built in the Participating Cities that include Pereira, Cartagena, Barranquilla, Bucaramanga, Medellín- Valle de Aburra, and the NQS-Corridor of the Bogotá Transmilenio BRTS. While the scope varies depending on local conditions, implementing BRTS under the initial project entails: i) definition of a new regulatory framework; ii) establishment of new private operation enterprises, that will be closely regulated by a new strong and capable local BRTS agency; iii) operational savings through the reduction of the oversupply, that will allow private investors to acquire a high capacity modern bus fleet; and iv) infrastructure financed with public funds coming from GoC and the municipalities.

Alternatives considered and reasons for rejection remain similar to those set up for the initial Loan, as follows:

**Mass transit solution: Metros.** In the past, following the experience of Medellín, Bogotá and Cali argued in favor of a metro system that would require very large subsidies from the central government. The successful experience of Transmilenio proved the reliance of BRTS as an affordable cost-effective solution.

**Financing BRTS infrastructure entirely by municipalities and GoC on lending.** Under this alternative municipalities would be in charge of financing the infrastructure, and the GoC could have had the Bank loan to assist them in defraying those costs. This was rejected for two reasons: on one hand municipalities lack the financial capacity to undertake the interventions on their own, and/or provide the necessary guarantee to the central government for repaying. On the other hand, the GoCs partial and phased contribution provides the right incentives for municipalities to focus on sound and long term policy interventions

**Channeling all GoC’s financial contributions to participant cities entirely during BRTS construction period.** BRTS construction period in a given city takes between 12 and 18 months. Committing GoC funds to finance all the BRTS planned in such a period would demand funds well beyond the fiscal envelop assigned to the NUTP and force to delay the implementation of the proposed interventions in certain cities. Despite the fact that this alternative would lower financial cost, it was rejected in favor of a phased financing arrangement in which GoC’s contribution is distributed in a number of years beyond the construction period (2-5 years). This financing scheme will enable GoC to implement the program within the fiscal space assigned to the program while increasing its leverage.

**Selecting appropriate Bank instruments to finance the GoC transfers.** It is proposed that the follow-on financing for the NUTP would be structured as a series of lending operations. The first one would be the US$ 207 million Additional Financing to cover the NUTP transfers through the end of 2007. Additional
Financing of US$ 207 million is the best available mechanism at the current time to rapidly and effectively meet the request of the GoC. This Additional Financing would: (i) maintain support for the National Urban Transport Program under the same terms defined in the current Loan; and (ii) help the GoC to maintain the momentum of the NUTP implementation by providing timely financial support for the entrance of new eligibility cities in the Program, which occurred faster than anticipated by the GoC and the Bank, and (iii) provide the time to prepare a new lending operation to cover NUTP budgetary commitments for a subsequent time slice.

5. Financing

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<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
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<td>Total</td>
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6. Implementation

Partnership arrangements

The NUTP is an ambitious program in terms of scope and funding requirements, and therefore its implementation will take more than a decade. The structuring of the NUTP under the National Development Plan resulted in the expansion of the Program to seven Participating Cities to date. The GoC transfers that are currently committed to pay for the corresponding share of the civil works in the Participating Cities set up in the Subsidiary Agreement. The committed funding amounts to approximately US$1.4 billion to date.

GoC requested IBRD, Interamerican Development Bank (IDB), the Andean Finance Corporation (CAF) and the Organization of Petroleum Exporting Countries to participate in the financing of its contributions to NUTP under independent parallel arrangements. IDB supports the BRTS in Cali, while CAF and OPEP supported the Suba corridor in Bogotá. IBRD plays the broadest role among multilaterals involved in the implementation of the NUTP by: i) supporting the design and implementation of the program; ii) supplying oversight role of the MOT Coordination Unit for institutional capacity building; iii) providing technical assistance to all Participating Cities; and iv) supporting the development of six BRTS in Bogotá, Pereira, Cartagena, Medellín, Barranquilla and Bucaramanga and other cities that are included in the program after meeting the agreed eligibility criteria for new Participating Cities.

Institutional and implementation arrangements

_Institutional set up and Policy framework for NUTP:_ GoC established the policy and institutional framework for the NUTP in two National Economic and Social Council (CONPES) documents¹. These policy documents defined: i) responsibilities of the key participants (MHCP, MT, DNP and participant cities), ii) criteria for securing the financing of the BRTS by the cities and GoC, and requirements for the flow of funds; and iii) the mandatory use of fiduciary procedures established by the Multilateral Organizations financing GoC’s contribution, when applicable.

When the preparatory studies for a BRTS intervention in a targeted city were completed and verifications by DNP that eligibility conditions were met, a CONPES document was issued detailing the specific conditions and arrangements for the BRTS intervention in the selected city. This document provides the

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¹ Documents 3167 “Política para mejorar el transporte urbano de pasajeros” May 2002 and 3260 “Política Nacional de Transporte Urbano y Masivo” December 2003.
basis for the co-financing agreement (Subsidiary Agreement) to be signed between GoC (through the Ministry of Finance) and the selected municipality. The scope of the intervention, the financial structure and the obligations of the respective parties were formally established through the Subsidiary Agreement. In particular this agreement: i) assigns overall responsibility for undertaking and financing any potential cost overrun and/or operational deficit of the BRTS to the participating city; and ii) defines the schedule of GoC’s financial commitments per year, previously approved by the National Fiscal Council (CONFIS) and recorded as future budgetary commitments (vigencias futuras) for proper fiscal accounting.

Project implementation will continue financing BRTS in six cities that have signed subsidiary agreements with GOC (Bogotá, Pereira, Cartagena, Barranquilla, Medellín and Bucaramanga). If other cities are ready and fulfill eligibility conditions, GOC is expected to ask the Bank for their inclusion as a subproject in the operation.

**Executing agencies.** MT continue to have overall responsibility for the execution of the project, as it occurred with Loan CO-7231, through the Coordination Unit (CU). The MT is the executing agency for the technical assistance component, in charge of managing the funds and the procurement of goods and consultant services, and provides technical support to the NUTP and leads the technical committee in charge of monitoring and evaluating the program implementation. The BRTS agencies created in each participant city through municipal law (Acuerdo), approved by City Councils, will continue to be the executing agencies of the BRTS development component. These agencies are Transmilenio S.A. for Bogota, Megabus S.A. for Pereira-Dos Quebradas, Transcaribe S.A for Cartagena, Transmetro S.A. for Barranquilla and its Metropolitan Area, Metroplus S.A. for Medellín-Valle de Aburra, and Metrolínea S.A. for Bucaramanga and its Metropolitan Area. Some cities rely on specialized municipal works agencies (i.e. Instituto de Desarrollo Urbano -IDU in the case of Bogotá and Soacha) to carry out the construction of the BRTS infrastructure.

**Operational manual.** All the above institutional and implementation arrangements of the project are detailed in an Operational Manual in which, at least the following aspects are included: (i) project description; (ii) institutional arrangements; (iii) eligibility criteria to participate in the project; (iv) environmental framework; (v) resettlement framework; (vi) financial management and disbursement arrangements; (vii) procurement arrangements and standard bidding documents; and (viii) monitoring evaluation arrangements and outputs/results indicators.

### 7. Sustainability

The sustainability of the project is predicated on the basis of the following grounds:

*Institutional support:* There are specific evidences of political support at both the national and local level. On one hand, the NUTP and the allocation of funds have been included in the National Development Plan which is a National Law. On the other hand, sub-projects in the municipalities require approval and fund allocation by the City Councils. The competition for GoC resources among municipalities, that the NUTP implies, is also a powerful incentive for the involvement of municipal authorities.

*Ownership and sustainable commitment at the higher government level.* Municipalities and the central government are well aware of the high visibility of the proposed interventions and have a clear understanding of the reforms required to put the system into operation, by involving all the key stakeholders (affiliated companies, bus owners, bus drivers, potential new operators, finance institutions and commercial sector).
Financial viability of the BRTS derives from: i) a policy decision to subsidize the infrastructure with identified public sources to keep tariffs at affordable level, ii) current tariff design covers operational cost, and iii) GoC has approved budgetary commitments allocated to this program.

Existence and strengthening of local know how in transport operation: The successful experience of Transmilenio and Megabus has proved that sustainable institutional arrangements for the provision of urban transport services are feasible. This know how was developed in Colombia and is available to participant municipalities for the building of operational capacity.

Strengthening of local environmental and social capacity: requirements of World Bank policies helped in enforcing existing laws and regulations pertaining to environmental and social dimensions. It helped the national and municipal governments in improving environmental management related to road rehabilitation and it also helped improve management of social impact on affected populations, as it is the case of land acquisitions. As a result, each civil works component now has environmental capacity and the involved institutions employ permanent social management teams.

Ongoing policy dialogue: the original project has been instrumental in fostering and supporting a dialogue on environmental and social issues related to road rehabilitation and transport. As a consequence, a resettlement policy framework is close to being finalized for the District of Bogotá and a national resettlement policy framework is also emerging.

8. Selected Lessons Learned from Past Operations in the Country/Sector and From the Implementation Process in the Initial Project to Date

There is a role for the national governments in the implementation of urban transport services reforms. Reforms in the sector normally require large investments and complex technical decisions. Given that municipalities lack both financial and technical resources, GoC’s participation becomes crucial in promoting reforms at the municipal level.

Reliable funds are key to implement long term reform. Urban transport financing should be seen as an integrated whole, justifying the use of taxes on auto users to provide reliable funds to implement public transport projects. In the case of Colombian cities, gasoline surtax, mostly paid by cars users, is providing about 34% of total NUTP cost, and more importantly is helping the municipalities to leverage funds from GoC.

The regulatory framework is key in advancing sound reform. Within the different planning stages for urban transport reforms, most of the attention goes to the technical aspects of the projects (engineering designs, technology, equipment, etc.), neglecting the regulatory design of the operation. Given the crucial role of the private sector in the operation of urban transport systems, the planning process should concentrate more on the definition of several issues that regulate the public-private partnership. Efforts should focus on improving the regulatory framework to encourage efficient and competitive bus operations.
Environmental and social management are important to ensure successful project implementation. The BRTS agencies include environmental and social management teams. Experience has shown that the earlier these teams are onboard and being able to participate in project design and planning, the higher the rate of success for the particular project activity. On the other hand, examples have shown that where environmental and social teams were not brought onboard early on, unmanaged social issues caused serious implementation delays, and adverse impact on the affected populations.

Implementation strategy should have both high political commitment and strong technical support. Of the several lessons that arise from the successful implementation of Transmilenio and Megabus, two are particularly critical. The first is that the implementation of such an initiative requires visionary leadership willing to take risks and closely involved in the process. The second is that there is the need to create a high-performance implementing agencies with strong technical capacity to design, plan, control and regulate the BRTS.

BRTS project’s implementation implications are beyond the segregated busway. Another lesson resulting from the Transmilenio and Megabus experiences is that the project can not limited solely to the construction of the segregated busway. Other complementary actions must be implemented to guarantee the completion of the urban transport strategy within a comprehensive perspective (reorganizing routes, implementing traffic management measures, developing measures to reduce the existing fleet, developing sense of community, etc.). This demonstrates that the value added of a BRTS project goes far beyond the mass transit operation along the main corridors.

Know-how synergies are fostered by simultaneous processes in multiple Participating Cities. Thanks to the multiple experiences in BRTS implementation under a NUTP, significant synergies are created in the implementation of the project’s participating cities. This has resulted in a continuous flow of know-how and best practices among Participating Cities, the CU and the Bank. Through this framework, the NUTP is enhancing institutional capacity, fostering best practices and fast-tracking the learning curve in the BRTS agencies that are now implementing the BRTS. Learned lessons are related to works implementation, procurement and fiduciary aspects, financial management, safeguards, operational design, communication strategies, and all other relevant aspects involved in the implementation of a BRTS.

9. Safeguard Policies
a. What is the safeguard screening category of the project? (S1, S2, S3, SF)
   S2

b. What is the environmental screening category of the project? (A, B, C, FI)
   B- Partial Assessment

c. If applicable, what are the key safeguard policy issues raised by the project?
The project, under the Additional Financing, will continue implementation with the safeguard policies triggered during the initial Loan; OP 4.01 (Environmental Assessment), OP 4.04 (Natural Habitats), OP 4.11 (Physical Cultural Resources), and OP 4.12 (Involuntary Resettlement).

The project generates long-term positive impacts, as access and road safety is improvement, urban space enhanced, and reduction of emissions and exposure to air pollutants. However, there are potential environmental effects linked to the upgrade and re-alignment of existing roads. The works include limited
land acquisition and resettlements. The overall impacts on environment are expected to be minor and confined to the construction period.

OP4.01 was triggered due to potential adverse environmental impacts associated with construction, in particular with regard to: (a) management of materials and waste; (b) restriction of traffic flows and access to homes and businesses; (c) increased noise and emission of pollutants; (d) management of work camp sites; (e) impact on green areas; and (f) interference with urban infrastructure (phone lines, piping, electricity wires, sewage).

OP4.04 was triggered due to potential impact on nearby wetlands in Barranquilla and Soacha, in particular during the construction period.

OP 4.11 was triggered to potential impact on cultural heritage sites, as there is potential for chance finds when upgrading of roads, especially in Cartagena.

OP 4.12 was triggered due to the need for temporary and/or permanent land takes when upgrading roads. To minimize and mitigate impacts, resettlement action plans are prepared and implemented to compensate and resettle affected people appropriately.

d. If applicable, what are the main results of any safeguard policy related studies, and how have they been incorporated into the project?

The concept design studies for all potential participating cities considered the environmental and resettlement dimensions. Guidelines for the Design, Construction, and Monitoring of Urban Infrastructure projects were prepared as the exact locations for project activities were not determined at the time of appraisal of the original project, i.e. in compliance with the requirements of OP 4.01, the framework approach was applied. The framework guidelines are aimed at defining the principles for mitigating environmental risks associated to the construction phase of the projects. Impacts not averted at the design stage are mitigated at the construction stage with the existence of adequate Environmental Management Plans (EMP). These plans mitigate environmental risks associated to OP4.01 (Environmental Assessment) OP 4.04 (Natural Habitats); and OP 4.11 (Physical Cultural Resources). The Framework Guidelines were produced, based on the existing procedures at Instituto de Desarrollo Urbano (IDU), and in coordination with the Ministry of Environment, DNP, MT, and the participating cities.

Based on the Guidelines mentioned above, EMPs are required for each city to mitigate the potential environmental impact on the project sites and surrounding areas during construction. The EMPs were carried out either by the same contractors in charge of developing the final infrastructure designs, or as separate studies for each city, in close coordination with the specific designs.

The same principle was adopted in order to design the methodology for dealing with social impact, mainly due to the need to land and property acquisition, as required by OP 4.12 (Involuntary Resettlement). Because the exact project locations were not determined at the time for appraisal of the original project, a Resettlement Framework Policy (RPF) was developed to define the guiding principles for compensation and resettlement of project affected people. The RPF was prepared under the coordination of DNP and IDU and with the participation of candidate cities. As the project proceeds, the social management team in each city prepares a Resettlement Action Plan (RAP), for project affected people in each road segment. The city submits the RAP to the Bank for review and approval before acquiring the NO for the segment (contract). At this time, each of the participating cities is in various stages of preparing and implementing RAPs. Each RAP is composed of various different studies, as required by the policy and the RPF.

e. What is the borrower’s capacity to implement the safeguard policies recommendations, and, if the capacity is insufficient, how will this capacity be brought to the required level?

Environment. As a principle, all EMPs are implemented by the contractors in charge of the civil works, and its compliance is ensured through the bidding documents and construction contracts. The capacity to
approve and follow up the EMPs was strengthened thanks to the technical assistance component of the initial Loan. MT is the agency in charge of monitoring implementation of all projects. To mitigate the risk, during project implementation all EMPs are sent to the Bank for no objection. All bidding documents for the infrastructure works will include not only the EMP, but also a Manual for monitoring their implementation.

Resettlement. Each RAP follows the principles of the RPF prepared according to Bank Policy 4.12. Each RAP is approved by the Bank and implemented by each local entity. Social management and resettlement teams were created within each project’s BRTS implementation agency. All the participating cities have well conformed social teams which are in charge of the preparation and implementation of the RAPs. In order to to strengthen the capacity of the social teams, a national resettlement workshop was organized with support of the Bank in Cartagena in May 2006.

What type of consultations has been conducted related to safeguard issues? How did these consultations influence project design?
A National Consultative Workshop on Safeguards took place during preparation of the original project, with the participation of representatives from all candidate cities, from DNP, the Ministries of Environment, and Transport, and from the Bank’s regional safeguard team. At the workshop, the Bank safeguard policies were explained to all participants, as well as their application to the project. Agreements on next steps for preparing the project and on environmental and social requirements for implementation were established at that workshop.

Continuously during preparation and implementation of the original project, stakeholders from different arenas were, and continue to be, consulted. In fact, the consultation and interaction process is an ongoing process which includes different stages of information sharing and enabled participation, between project representatives and different stakeholders, particularly those stakeholders who live or work along the project roads and are affected by the civil works. It has been recognized that this interactive process is very important to the success of the project.

g. When were the safeguard studies made available at the InfoShop?
The Environmental Guidelines, the EA for NQS (Bogota), and the Resettlement Framework were disclosed in March 2004, fulfilling the requirements set up at the initial Loan. All RAPs and EMPs required for Participating Cities to become eligible for Bank funding have been published. The cities included in the geographical expansion of 2005 became eligible for Bank funding on April 11th, 2006 (Bucaramanga), on June 8th, 2006 (Medellin-Valle de Aburra), and on June 20th, 2006 (Barranquilla).

h. When and where were safeguard studies made available in the cooperating country?
Each city had produced a general EMP and RAP in order to become eligible for Bank funding. Bank approval of the RAP and EMP is required in order to proceed with the bidding of the construction contract. This information of the EMP is detailed on the bidding documents, which are published on the BRTS agencies’ websites.

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<tr>
<td>Cultural Property (OPN 11.03, being revised as OP 4.11)</td>
<td>[X]</td>
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<tr>
<td>Involuntary Resettlement (OP/BP 4.12)</td>
<td>[X]</td>
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</tbody>
</table>
Indigenous Peoples (OD 4.20, being revised as OP 4.10)  [ ]  [ ]
Forests (OP/BP 4.36)  [ ]  [ ]
Safety of Dams (OP/BP 4.37)  [ ]  [ ]
Projects in Disputed Areas (OP/BP/GP 7.60)*  [ ]  [ ]
Projects on International Waterways (OP/BP/GP 7.50)  [ ]  [ ]

10. List of Factual Technical Documents

Financial Agreement of the Metropolitan Area (Pereira – Dosquebradas) for the BRT System
OPRC Case Recommendation and Review Report, January 2004
Jose Martínez – Procurement Capacity Assessment, February 2004
Daniel Boyce – Financial Management Capacity Assessment
Juan Lopez – Environmental Assessment
RPF and RAPs – Kristine Ivarsdotter
BTOR – Quality Assurance Team (QAT) – Client Safeguard Training Workshop, Environmental and Social Aspects of the Colombia Urban Transport Project
World Bank – Minutes of PCD Review Meeting – October 2003

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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas