

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

CHILE

PROGRAM TO SUPPORT PUBLIC TRANSPORT REFORM

(CH-L1047)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problem, strategy, and rationale	1
B.	Objective and Components	5
1.	Strategic support for the Santiago Metropolitan Region public transport system	5
2.	Institutional development of public transport	6
3.	Strengthening public transport in the regions	6
4.	Plans to improve public transport in the regions	9
5.	Management of communications with beneficiaries and operators involved in subsidy administration	10
C.	Cost and financing	10
D.	Results Framework and Key Indicators	11
II.	FINANCING STRUCTURE AND MAIN RISKS	12
A.	Financing instruments	12
B.	Environmental and social risks	12
C.	Fiduciary risks	12
III.	IMPLEMENTATION AND MANAGEMENT PLAN	12
A.	Summary of implementation arrangements	12
B.	Summary of results monitoring arrangements	14

ANNEXES	
Annex I:	Summary Development Effectiveness Matrix
Annex II:	Results Framework / Table of Indicators
Annex III:	Summary Procurement Plan
ELECTRONIC LINKS	
Required	
1.	Annual work plan (AWP): http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35058486
2.	Procurement plan: http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35058487
3.	Monitoring and evaluation plan: http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35058489
Optional	
1.	Lines of action of the general policy framework for the public transport sector: http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059130
2.	Diagnostic assessment, analysis, and recommendations on developing public transport in Santiago: http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059154
3.	Law 20206 establishing a financial stabilization fund for the Transantiago system: http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059162
4.	Summary of the strategy of Law 20378 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059698
5.	Law 20378 creating a national subsidy for public passenger transport http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059188
6.	Guidelines for the program to upgrade the public transport vehicle fleet in regions http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059760
7.	Evaluation methodology to prioritize and estimate public transport subsidies in isolated areas http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35059863

ABBREVIATIONS

AMT	Autoridad Metropolitana del Transporte [Metropolitan Transit Authority]
AWP	Annual work plan
CGR	Contraloría General de la República [Office of the Comptroller General]
ICB	International competitive bidding
LCF	Local Currency Facility
MTT	Ministry of Transport and Telecommunications
OR	Operating Regulations
PEU	Program execution unit
PROPEF	Project Preparation and Execution Facility
PSTZA	Programa de Subsidios al Transporte en Zonas Aisladas [Subsidy Program for Transport in Isolated Zones]
PTUS	Plan de Transporte Urbano para la Ciudad de Santiago [Urban Transport Plan for the City of Santiago]
SECTRA	Secretaría Interministerial de Planificación del Transporte [Interagency Transport Planning Secretariat]
TRANSANTIAGO	Santiago Public Transport Modernization Program

PROJECT SUMMARY
CHILE
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(CH-L1047)

Financial Terms and Conditions				
Borrower: Republic of Chile			Amortization period:	10 years
Executing agency: Ministry of Transport and Telecommunications (MTT)			Grace period:	3 years
Source	Amount		Disbursement period:	3 years
IDB (Ordinary Capital)	US\$10 million	78.9%	Interest rate:	LIBOR
Local	US\$2.68 million	21.1%	Inspection and supervision fee*	Credit fee*
Other/Cofinancing	0	0%	Currency:	U.S. dollars from the Single Currency Facility
Total	US\$12.68 million	100%	Conversion to Chilean pesos:	Local Currency Facility
Project at a Glance				
<p>Objective and description: The purpose of the program is to conduct studies and provide technical assistance and advisory support to the Ministry of Transport and Telecommunications in implementation of the reforms mapped out by the Chilean government to improve the country's public transport systems.</p> <p>The related specific objectives are to: (i) improve the planning, management, and control capacity of the Urban Transport Plan for the City of Santiago; (ii) analyze institutional systems to enhance efficiency in planning and managing public transport systems in the country's metropolitan areas; (iii) update and conduct field studies and surveys on the operation of public transport in the regions as input for the effective analysis and design of public transport sector reform in the country; (iv) improve capacity to oversee the work plans for public transport services in the country's regions; (v) improve the management capacity, efficiency, and impact of assistance and subsidy programs for public transportation in the country, including effective dissemination and communication with beneficiaries and the operations involved; (vi) initiate the upgrade of the public transport vehicle fleet in the regions; and (vii) support regional initiatives for the design and implementation of plans to upgrade public transport and review projects, preinvestment methodologies, and their prioritization.</p> <p>The operation is structured as a technical cooperation program.</p>				
<p>Special conditions precedent to the first disbursement:</p> <p>(i) Evidence will be provided that the program execution unit is up and running, with the budgetary resources and staffing necessary for its operation (see paragraph 2.4);</p> <p>(ii) Evidence will be provided that the program Operating Regulations have entered into force (see paragraph 3.2).</p>				
<p>Exceptions to Bank policies: None.</p>				
<p>Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>				
<p>Project qualifies as: SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/></p>				

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem, strategy, and rationale

- 1.1 Urban public transport policy in Chile has evolved considerably in recent years. Beginning in the 1990s, route bidding mechanisms were developed in large cities to generate competition among operators in access to transportation activities. This process has been supplemented with modal integration projects impacting fares, operations, and infrastructure improvements for buses. Another highlight is the recent public transport reform in Santiago, where operational and economic changes are comparable to very few experiences in cities of similar size. The cities of Valparaíso, Concepción, Rancagua, Antofagasta, and Iquique have systems that have been put to tender, with incipient forms of integration and some isolated experience with electronic fare collection. Santiago, however, represents a key milestone in the implementation of an integrated system, and its complexity has required significant adjustments to achieve the originally proposed objectives. Public transportation reform in Santiago constitutes the most relevant experience for the development of future applications in the country.
- 1.2 **Transantiago.** The Chilean government designed the Urban Transport Plan for the City of Santiago (PTUS) to address the challenges of managing the public transport system in Santiago, whose operation and service levels had deteriorated in recent years. As part of the PTUS, the Santiago Public Transport Modernization Program (“Transantiago”) was designed. The Transantiago program was intended to develop a modern, technically efficient, economically sustainable, and ecologically clean service that would offer a competitive alternative to the automobile. In particular, the idea was to have a new public transport system with physical, operational, and fare integration between the various modes of transportation, under a structure of mass, trunk, and feeder services that would respond more efficiently to demand. The Transantiago ground system was designed as a network of trunk and feeder services divided into business units. Each business unit was put to tender under concession contracts by the Ministry of Transport and Telecommunications (MTT).¹ The Transantiago system began operating on 10 February 2007 under a new system of routes and services and with integrated fares between bus and subway services.
- 1.3 The launch of the Transantiago system was problematic and revealed serious design and implementation problems. This caused understandable malaise among users who saw their travel times and transfers required to complete their trips increase. But the Chilean government responded quickly by implementing a series of measures aimed at normalizing system operations and improving the level of service provided to users. These measures achieved satisfactory results, primarily in reduced waiting and travel times, and in greater service availability and expanded

¹ Under Law 18,696, the MTT is responsible for proposing transit and transport policies (e.g. regulating public passenger transport by establishing the conditions for operation and use of routes for certain vehicles or services), and for controlling, overseeing, and applying sanctions.

schedules. There has also been steady improvement in the rates of compliance with the operating schedule (i.e. availability and frequency of service) for all the system's business units.

- 1.4 The action plan for Transantiago has been complemented with an integrated strategy designed by the Chilean government for public transport systems nationwide. This sector reform is consistent with the Chilean government's general urban transport policy.² The main pillar of this policy is the development of public transportation, prioritizing the movement of people over the movement of vehicles, and ensuring the development of sustainable systems with social benefits.
- 1.5 **Transantiago's financial deficit.** Due to the initial problems with the launch of Transantiago, the system's fare was frozen for nearly two years. This, together with a rise in prices for this industry's main inputs, generated unforeseen financial deficits that were covered by system borrowing and nonreimbursable contributions from the Treasury through a financial stabilization fund (Law 20206).³ Subsequently, the system deficit was covered with Treasury contributions through the emergency fund (Economic Emergency Decree), known as the "Constitutional 2%." This legal structure consists of emergency financial resources the President can access under exceptional circumstances, chargeable against 2% of the amount of spending authorized by the Budget Act for the respective year. Lastly, the approval of Law 20378 on 5 September 2009, creating a subsidy mechanism for public passenger transport, allowed the financial problems described above to be overcome. This law also provides resources for a broad program to stimulate public transportation in the regions, consistent with the strategy set by the Chilean government for public transportation in the rest of the country.
- 1.6 On the institutional front, the MTT has been responsible for providing technical and administrative support for the Transantiago Transport Coordination Office,⁴ which is linked administratively to the MTT as a unit of the Office of the Deputy Secretary for Transport. Although progress has been made in coordinating ministries and entities, some institutional reforms are still required for effective and efficient management of public transport systems such as Santiago's. These reforms are more significant in increasingly complex systems that include fare and physical integration between different modes of transport, the development of infrastructure to support the operation of the system, and growing participation by citizens in decision-making. With respect to the administration of the subsidies described in

² The lines of action of the general policy framework for the sector are presented in the electronic references.

³ Within the framework of this law, in April 2008 the Bank approved a non-sovereign guaranteed operation of US\$400 million for the Transantiago system (loan 1978/OC-CH). This operation and the US\$160 million loan from Banco Estado were declared unconstitutional, since they are considered public debt operations. The Bank had disbursed US\$288 million.

⁴ The Coordination Office provides technical support to the Committee of Ministers for Urban Transport of the city of Santiago, and was established to facilitate execution and coordination of the actions and programs associated with PTUS.

Law 20378, the MTT has been building its capacity to meet the obligations created by this law, which, institutionally, involves creating a new division under the Office of the Deputy Secretary for Transport. The MTT's Subsidies Division, created by Law 20378, will be responsible for delivery of the various subsidies included in this law.

- 1.7 **The government's strategy.** In this context, the public transportation sector reform strategy designed by the Chilean government has a dual objective: to ensure the institutional, operational, and financial sustainability of the Transantiago system and to promote a program to improve public transport systems in the country's regions by making use of the new subsidy tool established in Law 20378. The strategy is composed of the following actions:
- 1.8 **(a) Public Transportation Subsidy Act.** In order to promote the use of paid public passenger transport, Law 20378 creates a subsidy mechanism, representing a fiscal charge, aimed at offsetting the lower fares paid by students on public transport.⁵ The system defined by this law maintains the benefit of a reduced fare for students and eliminates the impact the student fare has on the regular fare for other users. This subsidy measure therefore constitutes aid granted by the State to address a social and economic need, which in turn aims to create an incentive for, and promote the use of, public transport among the nonstudent population.⁶
- 1.9 **(b) Improvements specific to Transantiago.** To contribute to the institutional and operational sustainability of Transantiago, the following actions are planned: (i) create an institutional environment for effective planning, management, and control of the operation of public transport services; (ii) continue adjusting the operating plans (supply of services), improving efficiency in service delivery; (iii) adjust the technology for managing the definitive fleet; (iv) complete the construction and improvement of the infrastructure required by the system (i.e. exclusive busways and separate "bus only" lanes, preboarding pay stations (zonas pagas) and transfer stations, more fare card purchase and refill points, signage, and user information systems). These measures will be complemented by the recommendations of a group of 12 specialists who were tasked by the MTT

⁵ One of the tools used in Chile to promote education is the school pass and the university pass. However, the reduced fares paid by students were indirectly funded by users who did not enjoy that benefit through higher regular fares. This hurt people with low incomes, who are the heaviest users of public transport. In addition to creating a disincentive for using public transport (i.e., a regular fare higher than operating costs, due to the cross-subsidy), this system had a regressive distribution effect, since college students often have more resources than workers paying the regular fare. One of the recommendations of the group of 12 experts consulted by the MTT for Transantiago is to separate the subsidy for student fares and have it paid by the government. This is achieved by Law 20378.

⁶ The structure of this subsidy with nationwide coverage is summarized in a document included in the electronic references.

with analyzing the Transantiago system and recommending concrete short-, medium-, and long-term measures to improve its operation.⁷

- 1.10 **Panel of experts and fare adjustments.** Financially, Law 20378 created a three-member panel of experts, whose mandate is to define the fare adjustments necessary to maintain the real value of the fares given changes in the prices of inputs. The fare adjustments should also guarantee that the system will be annually financially viable with the subsidies approved by Law 20378.
- 1.11 **Metropolitan institutional framework for transport.** There are future plans to develop a legal instrument establishing an institutional framework in the form of a Metropolitan Transit Authority (AMT), or another body to improve efficiency in the planning and management of the public transport systems in the country's major urban areas.
- 1.12 **The Bank's country strategy.** The aim of the Bank's 2006-2010 country strategy with Chile (document GN-2134-1) is to help the country pursue growth and, in particular, improve equality of opportunity and ensure the social inclusion of vulnerable population groups. The strategy is structured around three main actions: (i) to provide support to reduce the opportunity gap; (ii) to reduce the income and competitiveness gaps with developed economies; and (iii) to make government more efficient and bring it closer to the citizenry. The proposed program is consistent with the general objective of reducing the opportunity gap and ensuring social inclusion, since it will support actions aimed at improving the management and operation of public transport systems in the country. An adequate level of service for these systems is essential for ensuring accessibility and mobility for the low-income population that relies on this mode of transport to gain access to economic and social development opportunities. The program will also support improvement in the public transport system management capacity of the regional and municipal governments, in a manner consistent with the Bank's Subnational Development Strategy (document GN-2125-3).
- 1.13 **Rationale for the program.** The sector reform strategy being carried out by the Chilean government for the country's public transport systems will require a complex analysis and evaluation of actions to make the reforms workable and sustainable. As part of the integrated approach to improving public transport in the country, the Bank will seek to support the design and establishment of an effective institutional mechanism to administer complex systems like Transantiago. The Bank's involvement also seeks to contribute knowledge and experience in the formulation and execution of urban public transport programs in the region, by contributing to the design and analysis of plans and actions in the country's various regions.

⁷ "Diagnóstico, Análisis y Recomendaciones sobre el Desarrollo del Transporte Público en Santiago" [Diagnostic Assessment, Analysis, and Recommendations on the Development of Public Transport in Santiago], March 2008 (see electronic references).

- 1.14 In March 2008, the Bank approved an operation of US\$850,000 for this program (1969/OC-CH) under the Project Preparation and Execution Facility (PROPEF). PROPEF has financed studies and program preparation activities, including: (i) support in the institutional design and regulation of the AMT; (ii) consulting studies for the analysis and definition of a public transport fare adjustment mechanism in the regions; and (iii) studies for subsidy management including the surveying and updating of data and methodologies to factor the subsidies into supply and demand, organizational design, supervision, and control.

B. Objective and Components

- 1.15 The purpose of the program is to conduct studies and provide technical assistance and advisory support to the MTT in the implementation of the reforms mapped out by the Chilean government to improve the country's public transport systems.
- 1.16 The related specific objectives are to: (i) improve the planning, management, and control capacity of the Urban Transport Plan for the City of Santiago; (ii) analyze institutional systems to enhance efficiency in planning and managing public transport systems in the country's metropolitan areas; (iii) update and conduct field studies and surveys on the operation of public transport in the regions as input for the effective analysis and design of public transport sector reform in the country; (iv) improve capacity to oversee the work plans for public transport services in the country's regions; (v) improve the management capacity, efficiency, and impact of assistance and subsidy programs for public transportation in the country, including effective dissemination and communication with beneficiaries and the operations involved; (vi) initiate the upgrade of the public transport vehicle fleet in the regions; and (vii) support regional initiatives for the design and implementation of plans to upgrade public transport, and review projects, preinvestment methodologies, and their prioritization.
- 1.17 To achieve the proposed objectives, the operation is structured as a technical cooperation program with the following components.

1. Strategic support for the Santiago Metropolitan Region public transport system

- 1.18 This component will finance studies related to the design and implementation of mechanisms and tools for management, control, and monitoring of operations, financial aspects, and the level of service for the Transantiago system. The design of mechanisms and tools will be based on practical and efficient arrangements that have proven successful in other cases, based on the analysis of international experience. Consulting services or supporting activities may be financed, as well as attendance at workshops or seminars and visits by international experts who can contribute to technical discussion in these areas.
- 1.19 Financing will also be provided for technical studies and advisory support required or suggested by the panel of experts created under Law 20378. The opinions issued by this panel of experts will be used to determine the fare level for the annual

financing of the Transantiago system, among other things, considering the amount of the ongoing subsidy and transition funds established in Law 20378.

- 1.20 Financing will also be provided for consulting studies and training aimed at strengthening the Chilean government's strategic vision for the development of an intermodal transport system integrated with urban development for the Santiago Metropolitan Region. For such purposes, the study initiatives will be undertaken in a manner complementary to the PTUS for the period 2010-2020 prepared by the Interagency Transport Planning Secretariat (SECTRA) within the framework of the Urban Transport and Roads Program of the Ministry of Planning and Cooperation (MIDEPLAN). The design of the strategic plan should include medium- and long-term investment, regulation, and pricing measures to generate a social return compatible with the anticipated urban and economic development of the metropolitan region. The development of this SECTRA plan also seeks to establish a strategic planning tool to guide the development of efficient, safe, and environmentally sustainable urban transport systems, while improving users' quality of life and promoting the physical integration and economic development of the Santiago Metropolitan Region.

2. Institutional development of public transport

- 1.21 This component will finance technical assistance services for analysis and institutional design, including the development of legal instruments and their respective regulations, in areas related to public transportation in the country. One of the systems to be analyzed is the AMT, or another institutional authority able to improve efficiency in planning, management, and control of public transportation systems in large urban centers, in accordance with its master plan for urban transport. The institutional design will include such aspects as organization, structure, interagency relations, procedures, and operating regulations, among others. Advisory support may also be provided, if needed, on the process of formulating, explaining, and publicizing the regulatory decrees necessary for the legal instruments designed. Assistance will also include determining the amount of training needed for the functions and procedures of the institutional systems designed.

3. Strengthening public transport in the regions

- 1.22 This component will finance technical assistance to contribute to the analysis, design, and implementation of public transport reforms in the country's regions, particularly those related to the implementation of Law 20378.
- 1.23 **Field studies and surveys.** New field studies and surveys are planned on the operation of public transport in the regions. These studies seek to determine, among other things, the operating costs and revenue of operators and the composition and temporal and spatial structure of demand in public transport systems. Above and beyond the usefulness of this information for planning and management of services, the field studies will update the basis for the calculations used in implementing Law 20378.

- 1.24 **Building capacity to oversee business plans.** The introduction of the different types of subsidies considered in Law 20378 will create the need to build oversight capacity for public transport systems in the regions. To do so, this component could finance technical assistance to strengthen the oversight agencies in the country's regions, as well as training, equipment, and technical materials for the oversight of these systems.⁸
- 1.25 **Vehicle fleet upgrades.** Buses that operate rural public transport services and, in some cases, urban services can be up to 23 years old, making for poor quality service. One of the Chilean government's strategies, which it plans to finance through the transition fund for regions under Law 20378, consists in promoting fleet upgrades with newer vehicles for public transport services in rural and urban areas. The MTT has defined the guidelines for an upgrade program,⁹ which aims to enhance, through the use of incentives, the efficiency of the vehicle fleet in the regions. In particular, it promotes the retirement, destruction, and replacement of buses to reduce emissions, use fuel more efficiently, and improve the quality of service and safety for users. The program will finance technical assistance for the implementation and operation of the upgrade program.
- 1.26 **School transport.** In 2004, the Government of Chile created the Rural Transport Fund, administered by the Ministry of Education. It provides financing through competitions for projects in rural areas that promote student transport between home and school.¹⁰ In general, the fund finances a percentage of the costs incurred by a school to transport students in highly rural areas. One of the government's strategies is to expand the mechanisms to improve student access to schools, extending them to urban areas. To do so, the program will finance technical assistance to evaluate the various options that could be implemented, including evaluation of the current fund. Specifically, the technical assistance will include an analysis and recommendations to determine a methodology to redefine the eligibility criteria for the use of fund resources.
- 1.27 **Regional transport in isolated zones.** The MTT has been operating the Subsidy Program for Transport in Isolated Zones (PSTZA) since 1980. Its objective is to enable isolated poor communities throughout Chile to gain access to public transport services through subsidies. The PSTZA also aims to provide these communities with better territorial, economic, and social integration, given that their geographic location, their very small population, or their socioeconomic characteristics do not generate sufficient demand to make the business profitable for

⁸ In some cities with tendered public transport services (i.e. Iquique, Antofagasta, Valparaíso, Rancagua, and Concepción) some operators have installed GPS in the fleet, but the relevant authorities have been unable as yet to process and analyze the information from this equipment.

⁹ The electronic references include the guidelines for the upgrade program.

¹⁰ The rural communes eligible for the fund are defined as those having more than 30% rurality and those in the "critical isolation" category. The rurality indicator is defined using the National System of Municipal Indicators (SINIM).

potential transport operators (supply subsidy). The PSTZA also seeks to support people living in localities where a transport service is operating but who do not have access to it because of their low income levels (demand subsidy). This subsidy system aims to ensure a minimum level of territorial equity and accessibility. One of the Chilean government's strategies consists of expanding the scope of the PSTZA by increasing its coverage. It also aims to build oversight capacity for the services, assess the tangible impacts on the beneficiary population, and determine the economic and operating conditions that indicate when the subsidy for a specific service is no longer necessary. Although the PSTZA has a methodology for determining the different levels of isolation of the country's areas,¹¹ which is used to identify projects to be subsidized, the PSTZA has been expanding in recent years, leading to growing management problems. In this context, the program will finance technical assistance services to evaluate the PSTZA's current operations, and suggest measures to make it more efficient and effective.

- 1.28 **Transport in extreme areas and other programs promoting public transport.** Law 20378 includes resources for the development of programs that promote public transport in extreme areas, specifically the regions of Arica and Parinacota, Tarapacá, Aysén, Magallanes, and the Chilean Antarctic, and the provinces of Palena and Chiloé, and when there is low student use of major public transport systems. Financing is also possible for other programs or projects supporting public transportation. For this, the technical assistance will support the analysis and design of methodologies for assessment of the various programs or projects.
- 1.29 **Subsidies Division.** Until now, the MTT has had a Subsidies Unit to administer and execute the subsidy for the PSTZA. Law 20378 created a Subsidies Division within the MTT's Office of the Deputy Secretary for Transport, responsible for actions related to national public transport subsidy mechanisms. This Division will also incorporate the Subsidies Unit for the PSTZA. The program will finance advisory support, studies, and activities to support the organizational implementation of the new Subsidies Division, ensuring that the focuses for which this organization was designed (transparency, efficiency, and e-government) are those actually governing its operation.
- 1.30 **Demand subsidy.** The permanent subsidy mechanism of Law 20378 establishes a mechanism for transfer to the users of the transport services, to the extent that there are the means, procedures, and/or technologies to ensure the use of the subsidy's resources for payment of the public transport fare. The beneficiaries of this fiscal contribution will be those users of the transport service who reside in municipalities belonging to zones not subject to concessions, who meet the requirements established in the law.¹² In this context, the program will finance studies and

¹¹ A summary of the methodology for prioritizing and estimating the size of the service subsidy in those areas is presented in the electronic references.

¹² These requirements consist in belonging to the group of people who receive any of the following benefits provided by the State: Single Family Subsidy, Maternal Family Allocation, or Chile Solidario.

technical assistance allowing the MTT to determine the processes and technologies necessary for optimal delivery of the demand subsidy, since it is crucial that the delivery process ensure that it is used exclusively for transport. These studies seek to evaluate and design the model that will allow optimal operation of the demand subsidy, considering the technological, territorial, economic, and implementation variables involved in its development. Financing may also be provided for pilot projects with the various technological options analyzed.

- 1.31 **Supply subsidies.** Law 20378 also provides for compensation to public transportation operators for the reduction of fares. In the case of cities with route bidding mechanisms or some type of regulation between bidding processes, compensation will be provided for the reduction of adult and student fares.¹³ For areas where there is no route bidding, operators will be compensated for the reduction of student fares. Program resources will finance technical assistance services for the implementation and operation of these subsidy mechanisms.
- 1.32 **Design of ex post impact evaluation.** For all public transport assistance and subsidy programs under this **component**, the program will include the development of an ex post impact evaluation methodology, the definition of indicators, determination of a baseline, monitoring of indicators, procurement of software and specialized equipment, if necessary, and support for dissemination among program beneficiaries.

4. Plans to improve public transport in the regions

- 1.33 Another strategy in the national reform plan is to support investment initiatives to improve the management, infrastructure, and regulation of the country's various municipal public transport systems, as well as other infrastructure and connectivity projects in the regions. These initiatives have been supported through studies conducted by SECTRA.¹⁴ Consulting and advisory support services will be financed with program resources for diagnostic assessments, plans, strategies, preinvestment projects, detailed engineering studies, advisory support to update and/or supplement detailed engineering studies, advisory support to prepare bidding documents for road works, technical assistance and training related to the design and implementation of public transport, transit, and road infrastructure improvement plans in cities and rural areas of the country. Such assistance may include review and updating, if required, of the projects available in these cities, the

¹³ The reduction of the adult fare seeks to eliminate the effect of the cross-subsidy between this fare and the student fare, given the discounted nature of the student fare. Student fares are reduced to match the percentage applied in the city of Santiago.

¹⁴ The initiatives have been aimed at improving the operation of public transport through low-cost management measures, and the studies have resulted in public transport management plans, primarily for municipalities in the country's southern regions, with investments ranging from US\$400,000 to US\$1.2 million: Rancagua, Curico, Talca, Chillán, Los Ángeles, Temuco, Valdivia, Osorno, Puerto Montt, Coyhaique, and Punta Arenas. There are also studies and plans for cities in the country's central and northern areas (larger-scale infrastructure projects): Arica, Iquique, Antofagasta, Calama, Copiapó, Coquimbo-La Serena, and Valparaíso.

methodologies used for preinvestment studies, and their prioritization, taking into account their impact or social return, as provided in Law 20378. The technical assistance may also recommend additional actions for evaluating and prioritizing the initiatives to be considered in the special provision of the annual budget of the Ministry of the Interior's Office of the Deputy Secretary for Regional Development and Administration (SUBDERE).

5. Management of communications with beneficiaries and operators involved in subsidy administration

- 1.34 Given the diversity and number of beneficiaries involved in the reforms, especially those included in Law 20378, it is essential to support the management of communications to direct users and relevant operators, so that they know what they need to know at the right time to perform the required actions. In this context, the program will support the following activities: (i) design of a communication strategy; (ii) design and execution of a communication and benefit information plan, including websites and call centers; and (iii) design of communication mechanisms on the use of subsidy resources for the knowledge of the general public.

C. Cost and financing

- 1.35 The total program cost will be US\$12.68 million, with US\$10 million (78.9%) coming from the Bank loan and the remaining US\$2.68 million (21.1%) from the local counterpart, which will come from the MTT's budget. The financing structure and the estimated costs by component are shown in the following table:

Components	Source of financing (thousands of US\$)			
	IDB	MTT	Total	%
1. Strategic support the Santiago Metropolitan Region public transport system	3,000	1,000	4,000	32%
2. Institutional development for public transport	500	0	500	4%
3. Strengthening of public transport in the regions	3,550	150	3,700	29%
4. Plans to improve public transport in the regions	1,000	0	1,000	8%
5. Management of communications for beneficiaries and operators involved in subsidy administration	800	680	1,480	12%
Program execution unit	300	170	470	4%
PROPEF	850	0	850	7%
Finance charges	0	680	680	5%
Inspection and supervision	0	0	0	0%
Total	10,000	2,680	12,680	100%
Percentage	78.9%	21.1%		

D. Results Framework and Key Indicators

- 1.36 The program's outcomes will relate to studies and technical assistance to coherently coordinate implementation of the reforms identified by the Chilean government to improve the country's public transport systems, and make those reforms workable. In particular, the program will contribute to, and provide support for, the institutional development of public transportation, and support MTT in the design, analysis, and evaluation of measures to assist the regions with public transport systems. Since this is a technical cooperation program, the results indicators are related to the execution of studies and technical assistance services to attain the program's specific objectives.

Key indicators	When measured	Reason for selection
Improved capacity to manage and administer the Transantiago system.	During program execution	To make the Transantiago system more efficient through better management.
Improved intermodal strategic planning capacity for urban transport in the metropolitan region.	During program execution	To provide a strategic planning tool to guide the development of the urban transport system and promote the territorial integration and economic development of the metropolitan region.
An effective institutional framework to improve public transport systems in major urban centers.	Two years after program start	To provide an institutional framework for building capacity to plan, manage, and control public transport systems in metropolitan areas, in accordance with these areas' master plans for urban transport.
Better knowledge of how public transport operates in the regions.	During program execution	To enable adequate analysis and design and greater effectiveness of the public transport sector reform in the country's regions.
Improved capability to oversee public transport service business plans in the regions.		
Establishment of a baseline for ex post evaluations of the impact of assistance and subsidy programs for public transport in the regions.		
Strengthening of the Subsidies Unit within the MTT's organizational structure.	One year after program start	To expand and improve the capacity to manage assistance and subsidy programs for public transportation in the regions.
Support to regional initiatives for the design and implementation of public transport improvement plans.	During program execution	To prioritize and channel resources to support investment initiatives to improve the management, infrastructure, and regulation of regional public transport systems.
More effective communications for the public transport reforms.	During program execution	To explain and publicize the reforms contained in Law 20378, aimed at users and other operators involved in public transport.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The program will be executed as a technical cooperation loan with a three-year disbursement period.

B. Environmental and social risks

- 2.2 The technical cooperation program is not expected to have any environmental or social impact that merits consideration. The Environmental and Social Impact Review Secretariat (ESR) confirmed the classification of this program as a category “C” operation in its minutes ESR 15-08.

C. Fiduciary risks

- 2.3 The program execution unit (PEU) will be established within the organizational structure of the MTT, to perform the tasks of program administration, supervision, and evaluation. The PEU will be responsible for fiduciary administration, and staffed with at least two professionals in charge of this task with the following profiles: (i) one accountant/auditor or similar professional with experience in accounting and public financial administration; and (ii) one procurement specialist with experience in government procurement under the procurement rules of the country and the Bank.
- 2.4 **As a condition precedent to the first disbursement of the loan proceeds, the executing agency will provide evidence to the Bank that the PEU is up and running, with the budgetary resources and staffing necessary for its operation,** in accordance with terms of reference agreed upon in advance with the Bank. With this basic structural design of the PEU, the MTT will be in a position to effectively manage program execution in matters related to its fiduciary administration. If necessary, possible actions will be analyzed and identified for additional institutional strengthening of the MTT’s fiduciary management capacity, which will be discussed with the counterpart during program execution. The advisability of supporting the MTT with institutional analysis and risk evaluation tools will also be assessed with the counterpart.¹⁵

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The PEU will have a technical coordinator reporting directly to the Minister of Transport and Telecommunications, who will be responsible for the direction and supervision of all program activities. The Minister will set the strategic course of the program. The technical coordinator will also direct and supervise the work of

¹⁵ Since this is a technical cooperation program, the scope of the operation includes the identification and financing of institutional strengthening activities for the executing agency in areas directly related to program activities.

- the program activity coordinators, who, in turn, will direct the work of the consultants and MTT staff making up the work teams for each component. To execute program activities, the activity coordinators may draw upon the services and institutions that comprise the country's public transport framework, including the Office of the Deputy Secretary for Transport of the MTT and its regional offices. These entities will place their technical liaison teams at the disposal of the PEU to facilitate coordination of activities that involve them. The MTT will place qualified professionals and technical experts at the disposal of the PEU to offer legal and administrative support for program procurement processes.
- 3.2 **Program Operating Regulations.** As a technical cooperation operation for which technical assistance and institutional support services have not been fully defined, this program will be executed on the basis of program Operating Regulations (OR). The OR will be prepared by the executing agency and include a detailed description of the methodologies, procedures, and instruments to be employed for execution of each program component, as well as the functions and responsibilities of each PEU execution area and interagency coordination. **As a condition precedent to the first disbursement of the loan proceeds,** evidence will be provided that the OR have entered into force.
- 3.3 **Procurement.** Procurement of goods and services and the selection and contracting of consultants involving amounts below the thresholds at which international competitive bidding (ICB) is required will be made in accordance with national policies through the Chilecompra system. For procurement involving amounts above those thresholds, the Bank's policies established in documents GN-2349-7 and GN-2350-7 will be applied. Ex ante review of procurement procedures will only apply to contracts whose cost exceeds the ICB thresholds established by the Bank.
- 3.4 **Accounting.** The accounting records of program income and expenditures will be kept by the MTT through the state financial management information system (SIGFE). A special transaction unit will be opened for the program in that system. The balance sheets and financial reports may be based on the accounting data in that system.
- 3.5 **Financial statements and audits.** The program's annual financial statements will be submitted to the Bank within 120 days after the end of each fiscal year. The audits will be performed annually by the Office of the Comptroller General (CGR) following Bank rules and procedures.
- 3.6 **Revolving fund.** The executing agency will establish separate ledger and/or bank accounts for the program resources from loan proceeds and the counterpart. After all the conditions precedent to the first disbursement have been met, the Bank may advance resources to establish a revolving fund of up to 20% of the total loan, charged against it. Disbursement requests will be processed taking progress in program execution into account against the tasks and activities established in the annual work plan (AWP). The 'reimbursement of expenditures' and 'direct

payments' modalities may be used in addition to the revolving fund. Disbursements to the revolving fund will only be made against presentation of a bank reconciliation of the fund each time the Bank disburses loan proceeds under this modality. The eligibility of program expenditures will be determined after the CGR's audited reports containing the results of its review of the procurement and disbursement processes are presented.

- 3.7 **Currency.** The operation will be disbursed through the U.S. dollar Single Currency Facility of the Ordinary Capital and will be subject to the Local Currency Facility (LCF) (document GN-2365-2). In order to minimize the exchange risk, the Chilean government will have the right under the LCF to convert disbursements and outstanding balances under the program for disbursement in pesos.

B. Summary of results monitoring arrangements

- 3.8 The program monitoring plan includes administration missions, semiannual progress reports, procedures for the preparation of the AWP, annual audits by the CGR, and ex post evaluations of assistance and subsidy programs for regional public transport. A breakdown of these activities is presented in the electronic references.

CONFIDENTIAL ANNEX

CHILE
PROGRAM TO SUPPORT PUBLIC TRANSPORT REFORM
(CH-L1047)

RESULTS FRAMEWORK / TABLE OF INDICATORS

PROGRAM OBJECTIVE

The purpose of the program is to conduct studies and provide technical assistance and advisory support to the Ministry of Transport and Telecommunications (MTT) in implementation of the reforms mapped out by the Chilean government to improve the country's public transport systems.

The related specific objectives are to: (i) improve the planning, management, and control capacity of the Urban Transport Plan for the City of Santiago; (ii) analyze institutional systems to enhance efficiency in planning and managing public transport systems in the country's metropolitan areas; (iii) update and conduct field studies and surveys on the operation of public transport in the regions as input for the effective analysis and design of public transport sector reform in the country; (iv) improve capacity to oversee the work plans for public transport services in the country's regions; (v) improve the management capacity, efficiency, and impact of assistance and subsidy programs for public transport in the country, including effective dissemination and communication with beneficiaries and the operators involved; (vi) initiate the upgrade of the public transport vehicle fleet in the regions; and (vii) support regional initiatives for the design and implementation of plans to upgrade public transport, and review projects, preinvestment methodologies, and their prioritization.

The operation is structured as a technical cooperation program

Results indicator	Baseline	Target	Comments
Improved capacity to manage and administer the Transantiago system.	No effective management mechanisms and tools.	Implementation of mechanisms and tools for management, control, and monitoring of operations, financial aspects, and quality of Transantiago services.	During program execution. The Transantiago system is expected to become more efficient through better management with the design of practical and efficient arrangements that have proven successful in other cases or international experience.
Improved intermodal strategic planning capacity for urban transport in the metropolitan region.	Strategic planning for urban transport and development is limited by partial plans.	To establish a strategic planning tool for the intermodal transport system integrated with the urban development of the metropolitan region.	During program execution. To provide a strategic planning tool to guide the development of the urban transport system and promote the territorial integration and economic development of the metropolitan region.
An effective institutional framework to improve public transport systems in major urban centers.	Country with the current institutions.	Study and implementation of new institutional structures.	Two years after program start. The elements to be studied include the legal framework for public transport, organizations and their processes, innovative tools, and others. To build capacity to plan, manage, and control public transport systems in metropolitan areas, in accordance with these areas' master plans for urban transport.

Results indicator	Baseline	Target	Comments
Better knowledge of how public transport operates in the regions.	Partial studies in selected municipalities and cities.	Studies on the operation of public transport updated and/or developed in five cities with tendered systems and 14 other municipalities/cities.	During program execution. To enable adequate analysis and design and greater effectiveness of the public transport sector reform in the country's regions, particularly as related to the implementation of Law 20378.
Improved capability to oversee public transport service business plans in the regions.	Limited oversight capacity, virtually nonexistent in the regions.	At least 10 municipalities/cities receive training programs.	During program execution. To enable adequate analysis and design and greater effectiveness of the public transport sector reform in the country's regions, particularly as related to the implementation of Law 20378.
Establishment of a baseline for ex post evaluation of the impact of assistance and subsidy programs for public transport in the regions.	No ex post impact evaluation methodologies for existing programs, and baseline information is limited.	To establish a baseline and methodology for the ex post evaluation of the impact of assistance and subsidy programs for public transport in the regions.	During program execution, the methodology will be reviewed, and a baseline set for an ex post evaluation of the impact of assistance and subsidy programs for public transport in the regions, particularly those supported with the implementation of Law 20378. It will enhance effectiveness of public transport sector reform in the regions.
Strengthening of the Subsidies Unit within the MTT's organizational structure.	Unit exists, but has limited capacity.	Unit is strengthened to administer the resources under Law 20378.	One year after program start. To expand and improve the capacity to manage assistance and subsidy programs for public transport in the regions, particularly as related to the implementation of Law 20378.
Support to regional initiatives for the design and implementation of public transport improvement plans.	Various initiatives supported by SECTRA.	Diagnostic assessments and urban transport plans in at least 18 municipalities/cities are reviewed and/or updated.	During program execution. To prioritize and channel resources to support investment initiatives to improve the management, infrastructure, and regulation of regional public transport systems.
More effective communications for the public transport reforms.	No communication strategy.	Execution of a communication strategy through various channels.	During program execution. To explain and publicize the reforms contained in Law 20378, aimed at users and other operators involved in public transport.

Strategic support for management of the public transport system in the Metropolitan Region	Baseline	Year 1	Year 2	Year 3/Goal
Outputs				
- Design of mechanisms and tools for management, control, and monitoring of operations and service quality of public transport services in the city of Santiago.	Limited mechanisms and tools	Under way	Completed	
- Design of financial projection and management mechanisms and tools for the Transantiago system.	Limited mechanisms and tools	Under way	Completed	
- Consulting services or supporting activities (attendance at workshops or seminars and visits by international experts) that contribute to technical discussion on improved Transantiago management.		Under way	Under way	Completed
- Development of an intermodal transport system integrated with urban development for the Metropolitan Region, considering medium- and long-term investment, regulation, and pricing measures.	Partial plans	Under way	Completed	
Outcomes				
Improved capacity to manage and administer the Transantiago system.				Implementation of mechanisms and tools for management of system operations and making financial projections.
Improved intermodal strategic planning capacity for urban transport in the metropolitan region.				Consolidation of a strategic planning tool for the intermodal transport system integrated with the urban development of the Metropolitan Region.

Institutional development for public transport	Baseline	Year 1	Year 2	Year 3/Goal
<u>Outputs</u>				
- Design of administrative features, procedures, and functions for a Metropolitan Transportation Authority (AMT) or other institutional authority.	AMT bill tabled	Under way	Completed	
- Recommendations for drafting the regulatory decrees and explaining and publicizing them.		Under way	Completed	
- Design of the plan to establish the Metropolitan Transportation Authority.			Completed	
<u>Outcomes</u>				
An effective institutional framework to improve public transport systems in major urban centers.				Study and implementation of new institutional structures.

Strengthening of public transport in the regions	Baseline	Year 1	Year 2	Year 3/Goal
<u>Outputs</u>				
- Performance, update, and supplementation of the field studies and surveys on the operation of public transport in municipalities/cities and their passenger demand.	Partial studies	Under way	Under way	Studies on the operation of public transport performed and/or updated in five cities with tendered routes, and in 14 other municipalities/cities.
- Training programs to strengthen oversight agencies in cities.		Under way	Under way	At least 10 municipalities/cities receive training programs.
- Technical assistance for implementation and operation of the fleet upgrade program.		Under way	Completed	
- Analysis and recommendations to improve the efficiency, management, and impact of the school transport fund.	Current methodology for rural school transport	Under way	Completed	
- Analysis and recommendations to improve current operation, efficiency, and effectiveness of the PSTZA.	Current methodology for PSTZA	Under way	Completed	
- Analysis and design of methodologies for evaluating different transport programs or projects in extreme zones		Under way	Completed	
- Development of a methodology for ex post impact evaluations and establishment of baselines for public transport assistance and subsidy programs in the regions.		Under way	Under way	Methodology and baseline for ex post impact evaluation of public transport assistance and subsidy programs in the regions.

Strengthening of public transport in the regions	Baseline	Year 1	Year 2	Year 3/Goal
- Institutional strengthening of the MTT's Subsidies Unit	Unit recently created	Under way	Completed	Unit strengthened to administer resources under Law 20378.
- Evaluation and design of the model for optimal operation of the supply and demand subsidy, considering the technological, territorial, economic, and implementation variables pertinent to its development.	None	Under way	Completed	

Outcomes

An effective analysis and design and greater effectiveness of reforms identified by the Chilean government to improve the country's public transport systems.

Plans to improve public transport in the regions	Baseline	Year 1	Year 2	Year 3/Goal
<u>Outputs</u>				
- Diagnostic assessments, plans, strategies, preinvestment projects (feasibility studies and designs); advisory support to prepare bidding documents for road works; and technical assistance and training related to the design and implementation of public transport, transit, and road infrastructure improvement plans in cities and rural areas of the country.	Partial studies	Under way	Under way	Completed
- Review, update, and performance of urban transport diagnostic assessments and plans in cities of the country's regions to identify management measures that will benefit public transport.	Partial studies	Under way	Under way	Completed

Outcomes

To prioritize and channel resources to support investment initiatives to improve the management, infrastructure, and regulation of regional public transport systems.

Urban transport diagnostic assessments and plans reviewed and/or updated in at least 18 municipalities/cities.

Management of communications for beneficiaries and operators involved in subsidy administration	Baseline	Year 1	Year 2	Year 3/Goal
<u>Outputs</u>				
- Design of a communication strategy.	None exists	Under way	Completed	
- Design and execution of a communication and benefit information plan.	None exists	Under way	Completed	
- Design of communication mechanisms on the use of subsidy resources.	None exists	Under way	Completed	
<u>Outcomes</u>				
Improved effectiveness of communications on transport reforms.				Execution of a communication strategy through various channels.

PROGRAM TO SUPPORT PUBLIC TRANSPORT REFORM (CH-L1047)
SUMMARY PROCUREMENT PLAN

Description	Estimated cost (US\$000)	Procurement method	Review	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates	Status
				IDB %	Local %		Publication of the specific procurement notice	
1. GOODS								
• Purchase of equipment, software, and technical materials for oversight of the operating conditions of public transport systems in the regions.	400	NCB	Ex post	100%	0%	No	March 2010	Pending
• Purchase of equipment, software and technical materials to strengthen the Subsidies Unit of the MTT's Office of the Deputy Secretary for Transport.	300	NCB	Ex post	100%	0%	No	October 2010	Pending
• Operating costs of program administration and management (support and incremental costs of PEU), including the purchase of equipment, software and technical materials.	235	NCB	Ex post	64%	36%	No	September 2010	Pending
2. WORKS								
The program includes no procurement of works.								
3. CONSULTING SERVICES								
• Design of mechanisms and tools for management, control, and monitoring of operations and service quality of public transport services in the city of Santiago.	400	QCBS	Ex post	75%	25%	No	September 2010	Pending
• Design of financial projection mechanisms and tools for the Transantiago system.	300	QCBS	Ex post	67%	33%	No	September 2010	Pending
• Consulting services or supporting activities (attendance at workshops or seminars and visits by international experts) that contribute to technical discussion on improved Transantiago management.	300	QCBS	Ex post	100%	0%	No	September 2010	Pending

Description	Estimated cost (US\$000)	Procurement method	Review	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates	Status
				IDB %	Local %		Publication of the specific procurement notice	
<ul style="list-style-type: none"> Development of an intermodal transport system integrated with urban development for the Metropolitan Region, comprising medium- and long-term investment, regulation, and pricing measures. 	3,000	QCBS	ex ante	73%	27%	No	September 2010	Pending
<ul style="list-style-type: none"> Design of administrative features, procedures, and functions for a Metropolitan Transportation Authority (AMT) or other institutional authority. 	350	QCBS	Ex post	100%	0%	No	September 2010	Pending
<ul style="list-style-type: none"> Recommendations for drafting the regulatory decrees and explaining and publicizing them.* 	50	NICQ	Ex post	100%	0%	No	February 2011	Pending
<ul style="list-style-type: none"> Design of the plan to establish the Metropolitan Transportation Authority. 	100	QCBS	Ex post	100%	0%	No	August 2011	Pending
<ul style="list-style-type: none"> Performance, update, and supplementation of the field studies and surveys on the operation of public transport in municipalities/cities and their passenger demand.* 	1,150	QCBS	ex ante	87%	13%	No	September 2010	Pending
<ul style="list-style-type: none"> Training programs to strengthen oversight agencies in cities. 	250	QCBS	Ex post	100%	0%	No	February 2011	Pending
<ul style="list-style-type: none"> Technical assistance for implementation and operation of the fleet upgrade program. 	100	NICQ	Ex post	100%	0%	No	September 2010	Pending
<ul style="list-style-type: none"> Analysis and recommendations to improve the efficiency, management, and impact of the school transport fund. 	100	NICQ	Ex post	100%	0%	No	September 2010	Pending
<ul style="list-style-type: none"> Analysis and recommendations to improve current operation, efficiency, and effectiveness of the PSTZA. 	150	NICQ	Ex post	100%	0%	No	September 2010	Pending
<ul style="list-style-type: none"> Analysis and design of methodologies for evaluating different transport programs or projects in extreme zones. 	100	NICQ	Ex post	100%	0%	No	September 2010	Pending

Description	Estimated cost (US\$000)	Procurement method	Review	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates	Status
				IDB %	Local %		Publication of the specific procurement notice	
• Methodology for ex post impact evaluations and establishment of baselines for public transport assistance and subsidy programs in the regions.	600	QCBS	ex ante	100%	0%	No	February 2011	Pending
• Design for institutional strengthening of the MTT's Subsidies Unit.	150	QCBS	Ex post	100%	0%	No	September 2010	Pending
• Evaluation and design of the model for optimal operation of the supply and demand subsidy, considering the technological, territorial, economic, and implementation variables pertinent to its development.	400	QCBS	Ex post	100%	0%	No	September 2010	Pending
• Diagnostic assessments, plans, strategies, preinvestment projects (feasibility studies and designs); advisory support to prepare bidding documents for road works; and technical assistance and training related to the design and implementation of public transport, transit, and road infrastructure improvement plans in cities and rural areas of the country.*	800	QCBS	Ex post	100%	0%	No	September 2010	Pending
• Review, update, and performance of urban transport diagnostic assessments and plans in cities of the country's regions to identify management measures that will benefit public transport.	200	QCBS	Ex post	100%	0%	No	September 2010	Pending
• Design of a communication strategy.	250	QCBS	Ex post	60%	40%	No	September 2010	Pending
• Design and execution of a communication and benefit information plan.	980	QCBS	Ex post	51%	49%	No	March 2011	Pending
• Design of communication mechanisms on the use of subsidy resources.	250	QCBS	Ex post	60%	40%	No	June 2011	Pending

Description	Estimated cost (US\$000)	Procurement method	Review	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates	Status
				IDB %	Local %		Publication of the specific procurement notice	
<ul style="list-style-type: none"> Operating costs of program administration and management (support and incremental costs of PEU), including the purchase of equipment, software and technical materials. 	235	NICQ	Ex post	32%	68%	No	September 2010	Pending

Goods and works: **ICB:** International Competitive Bidding; **LIB:** Limited International Bidding; **NCB:** National Competitive Bidding; **PC:** Price Comparison; **DC:** Direct Contracting; **FA:** Force Account; **PSA:** Procurement through Specialized Agencies; **PA:** Procurement Agencies; **IA:** Inspection Agencies; **PLFI:** Procurement on Loans to Financial Intermediaries; **BOO/BOT/BOOT:** Build, Own, Operate / Build, Operate, Transfer / Build, Own, Operate, Transfer; **PBP:** Performance-based Procurement; **PLGB:** Procurement with Loans Guaranteed by the Bank; **CPP:** Community Participation in Procurement. **Consulting firms:** **QCBS:** Quality- and Cost-based Selection; **QBS:** Quality- based Selection; **FBS:** Selection under a Fixed Budget; **LCS:** Least-cost Selection; **CQS:** Selection based on the Consultants' Qualifications; **SSS:** Single-source Selection. **Individual consultants:** **NICQ:** National Individual Consultant selection based on Qualifications; **IICQ:** International Individual Consultant selection based on Qualifications.

* Breakdown of consulting services by municipality/city to be determined during project execution.