

COLOMBIA

PROGRAM TO SUPPORT THE NATIONAL LOGISTICS POLICY

(CO-L1090)

LOAN PROPOSAL

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3.	Results matrix http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35824312
4.	Monitoring and Evaluation Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=36095484
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3.	CONPES 3678 – Productive Transformation Policy http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825674
4.	CONPES 3489 – National Policy on Public Road Freight Transport http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825629
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9.	Master Transport Plan presentation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825617
10.	Road freight transport as a world class sector http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825643
11.	Logistics Performance Index 2010 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825651

12. LAC LPI Brochure 2010
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825649>
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<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35825644>
14. Geneva Brochure LPI 2010
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ABBREVIATIONS

CNC	Comisión Nacional de Competitividad [National Competitiveness Commission]
CNL	Comité Nacional de Logística de Transporte [National Transport Logistics Committee]
CONPES	Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council]
CPC	Consejo Privado de Competitividad [Private Competitiveness Council]
CPL	Coordinación Programática de Logística [Logistics Programmatic Coordination Office]
DANE	Departamento Administrativo Nacional de Estadística [National Administrative Department of Statistics]
DNP	Departamento Nacional de Planeación [National Planning Department]
GCR	Global Competitiveness Report
GDP	Gross domestic product
GHG	Greenhouse gases
ICT	Information and communication technologies
LCF	Local Currency Facility
NAMAs	National Appropriate Mitigation Actions
oel	Optional electronic link
ONCL	Observatorio Nacional de Transporte de Carga y Logística [National Freight Transport and Logistics Observatory]
PBL	Policy-based loan
PND	Plan Nacional de Desarrollo [National Development Plan] 2010-2014
PNL	Política Nacional Logística [National Logistics Policy]
rel	Required electronic link
SNC	Sistema Administrativo Nacional de Competitividad [National Competitiveness Administrative System]
TC	Technical Cooperation operation
UTEL	Unidad Técnica de Ejecución Logística [Technical Unit for Logistics Execution]

PROJECT SUMMARY

COLOMBIA PROGRAM TO SUPPORT THE NATIONAL LOGISTICS POLICY (CO-L1090)

Financial Terms and Conditions				
Borrower: Republic of Colombia Executing agency: National Planning Department (DNP)			Amortization period:	20 years
			Grace period:	5 years
			Disbursement period:	12 months
Source	Amount	%	Interest rate:	Based on LIBOR
IDB (Ordinary Capital)	US\$300 million	100	Inspection and supervision fee:	*
Local	-	-	Credit fee:	*
Total	US\$300 million	100	Currency:	U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital, with local currency option (LCF)
Project at a Glance				
Project objective: The objective of the program is to contribute to the competitiveness of the Colombian economy through reductions in the cost and time of logistics for imports and exports. The specific objective is to support the institutionalization of the National Logistics Policy through: (i) strengthening of the institutional framework and logistics information; (ii) promotion of intermodal transport, platforms, and urban logistics and of specialized logistics infrastructures; (iii) improvements in foreign trade facilitation and control; (iv) environmental sustainability and strategies to mitigate climate change (sustainable transport); and (v) support for the establishment of a policy and regulation of transport services to transform the freight transport sector into a world-class activity, while improving sector knowledge and monitoring through the use of information systems.				
Special contractual clauses: The disbursement of the resources is conditional upon compliance with the measures on policy reforms or agreed institutional changes, in accordance with Annex II (Policy Matrix).				
Exceptions to Bank policies: None				
Project consistent with country strategy: <div style="display: flex; justify-content: space-between; width: 100%;"> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> </div>				
Project qualifies as: <div style="display: flex; justify-content: space-between; width: 100%;"> SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/> </div>				
Procurement: N/A				

* 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 **Macroeconomic situation.** The Colombian economy exhibited considerable strength from 2002 to 2008, registering average GDP growth of 4.8%. Although the global economic recession reduced the rate to 1.5% in 2009, 2010 brought a significant recovery in the form of 4.3% growth.¹ A similar growth rate of around 4.5% is expected for 2011, based on stronger consumption and investment as well as higher public expenditure in response to the winter emergency.²
- 1.2 Colombia is faced with a fiscal imbalance caused by the economic slowdown of 2008 and 2009, the resulting decline in tax revenues, and increased expenditure stemming from the countercyclical policy. In GDP terms, the central government's deficit rose from 2.3% in 2008 to 4.1% in 2009; the figures for 2010 and 2011 indicate a slight decrease to 3.7% followed by a recovery to 4.1%.³ Financing needs⁴ will reach 7% of GDP in 2011—4.2% to finance the deficit and 2.8% for loan repayment, 80% of which the Colombian government plans to cover through internal and external borrowing. The Consumer Price Index (CPI) fell 3.2% in 2010, confirming its downward trend over the past decade.⁵
- 1.3 **Exports and foreign trade.** Colombia's foreign trade volume tripled from 2002 to 2009, with annual growth of nearly 15%.⁶ The country's main exports are mining/energy products and agroindustrial goods. In 2010 exports grew 21.2% over 2009, to US\$40 billion. The United States is the leading country of destination (42.5% of total FOB exports in 2010), followed by China and Ecuador (4.9% and 4.6%, respectively). Of total mining/energy exports, oil accounted for 41% and coal, 15%. Nontraditional products represented 36% of total exports.⁷ The total movement of freight for foreign trade in 2009 was 117 million tons (82% exports and 12% imports).
- 1.4 **Freight transport.** Transport plays a leading role in the Colombian economy. According to the National Statistics Department (DANE), transport services

¹ DANE – Resultados generales base 2005 (Series 2000 – 2009p)

² Boletín Económico: Colombia, January 2011, Country Department Andean Group (CAN), IDB, p. 1.

³ The deficit rose 0.2% due to the cost of the emergency caused by heavy rains associated with a “winter wave.” The overall public sector deficit is expected to reach 3.5% of GDP.

⁴ Financing needs for 2011 come to Col\$42.699 billion (7.0% of GDP). The deficit to be financed will reach Col\$24.275 billion and repayments will total Col\$16.193 billion. Internal sources will cover 83% of the total. Of the external sources, bond issues will cover 60% and multilateral financing, the remaining 40% (equivalent to US\$1.5 billion; the Government of Colombia expects US\$300 million to come from this operation).

⁵ In late 2010 and early 2011 the CPI rose more than expected, to 0.9% in January. DANE, Variaciones porcentuales IPC (Series 1996 – March 2011).

⁶ The highest trade surplus during the first 10 months of 2010 was with the United States, followed by the Netherlands, Venezuela, Ecuador, and Peru. The highest deficits were with Mexico, China, Germany, and Argentina (Boletín Económico: Colombia, January 2011).

⁷ Anexos estadísticos, Boletín, January-December 2010 updated, DANE.

account for 4% of national GDP (with an average annual growth rate of 4.3% during the past five years) and public works construction accounts for 3.7% of GDP (with an average annual growth of 13.1% for the same period), for a sector total of 7.72% of GDP. Highway transport accounts for 73% of sector GDP,⁸ a weight which is reflected in the share of road transport in cargo throughput (83.4% of total domestic throughput in 2009).

- 1.5 In view of the high percentage of domestic freight transported by highway, the associated costs of physical distribution are high. According to the *Doing Business* report, domestic transport costs in Colombia account for 56% of the total cost of exporting a container,⁹ compared with an average of 41% for the South American countries (see [oel 5 a](#)). These costs can be explained largely by the average distances between the principal foreign trade transfer nodes to production and/or consumption centers, and they are related to infrastructure quality, regulation of transport services, and the system's business structure.
- 1.6 Several studies have cited neglected infrastructure and the low quality of transport and logistics services as limiting factors for the development of Colombia and its foreign and domestic trade.¹⁰ To counteract this situation and the inherent limitations it places on competitiveness,¹¹ the country has made a sizable effort to modernize its transport system through infrastructure investments, as well as reforms to policy, institutions, and the applicable regulatory framework. Although investment in the sector rose significantly (from 0.73% of GDP in 2004 to 1.63% in 2010), it remains at lower than recommended levels for a middle-income country (4% to 5% of GDP).
- 1.7 Increasing levels of investment are needed in order to improve and expand the infrastructure and execution periods. Although the nation has made very significant efforts in that regard, it cannot rely on those actions alone to improve the system's competitiveness, efficiency, and productivity. Colombia has developed a substantial road infrastructure in the past decade, including a major expansion of divided highways and paved secondary roads. The continued growth of foreign trade and the growth in domestic demand call for more efficient use of transport infrastructure (paragraph 1.5). Appropriate use of the infrastructure, associated freight logistics, and the adoption of good private sector practices and the

⁸ Air transport accounts for 12%, maritime 1%, and ancillary services such as storage and warehousing have a 14% share.

⁹ In 2010, the total cost of exporting a 20-foot container was US\$1,770, which included: document preparation, US\$350 (20%); customs clearance and technical control, US\$250 (14%); ports and terminal handling, US\$170 (10%); and inland transportation and handling, US\$1,000 (56%). Source: World Bank, *Doing Business Project*. (<http://www.doingbusiness.org/>).

¹⁰ "El Transporte como Soporte al Desarrollo del País. Una Visión al 2040." Universidad de los Andes. 2009

¹¹ Competitiveness is the product of the interplay of multiple factors related to the conditions that affect business activity and dictate performance, such as infrastructure, human resources, science and technology, institutions, macroeconomic environment, and productivity (CONPES 3439 – Institucionalidad y principios rectores para la competitividad y productividad, 2006).

implementation of public policies to guide and encourage efficient freight transport are key to ensuring the nation's economic competitiveness and a differential factor in terms of productivity.

- 1.8 **Transport services and freight logistics.** Freight logistics involves the flow of transportation and storage of goods along the value chain; it also refers to the processes and functions involved in supply chain management. Logistics performance is influenced by: (i) the quality of the infrastructure and transport services, including regulation, the quality of institutions, and the availability of information to feed into decision-making; (ii) business logistics, which covers the way in which businesses organize their supply chains, and the capacities of logistics operators and intermediaries they rely on; and (iii) trade facilitation, including documentation and inspections, as well as aspects related to safety in the physical movement of freight.¹²
- 1.9 A country's logistics performance and the competitiveness of its productive sector depend on a number of variables. Some of these factors are the domain of the public sector, such as the quality and adequacy of the physical infrastructure (highways, railroads, ports, etc.), and services for foreign trade (customs, phytosanitary services, migration, security, etc.). Other variables are rooted in the private sector, including the market structure (e.g., type and quality of service provider), the level of sophistication of the transport operators and the services they provide, and the infrastructure and logistics services of the businesses that originate freight and demand services. Each of these variables requires its own economic and institutional effort and has its own timeline.
- 1.10 In recent years there has been growing concern at the national and international levels about understanding and measuring logistics performance and its effect on competitiveness. Some of the sources most frequently cited are the *Global Competitiveness Report* (GCR)¹³ and the Logistics Performance Index,¹⁴ both of which identify Colombia as a medium-performance country, in keeping with its level of socioeconomic development ([see oel 5 b](#)). The GCR points out the country's economic strengths (macroeconomic and business environment, market size), and weaknesses, such as the need to improve its physical infrastructure networks. Other studies cite weaknesses in its transportation system¹⁵ and their profound impact on logistics costs.¹⁶ In 2008, the National Planning Department

¹² Freight Logistics in Latin America and the Caribbean: An Agenda to Improve Performance. José Barbero. Inter-American Development Bank. 2010

¹³ *The Global Competitiveness Report* 2010-2011. *World Economic Forum* ([see oel 13](#)).

¹⁴ *Connecting to Compete 2010. Trade Logistics in the Global Economy*. World Bank ([see oel 11](#)).

¹⁵ Between 4.5 and 9 cents per ton/km, about 35% of total sales go to transport costs, nearly double the reported figure for U.S. companies. Diagnóstico Sector Transporte 2008, Ministry of Transportation. DNP and MT "Plan Maestro de Transporte 2010 – 2032" Logistics Sector. DNP. ([see oel 6](#)).

¹⁶ 12.5% of total sales goes to cover logistics costs. Although this is lower than the average of 18% to 34% for LAC, it is still higher than the figure reported by the OECD (9%). National Logistics Survey 2008.

(DNP), with Bank financing,¹⁷ studied the capacity and quality of logistics performance in Colombian businesses and cited the importance of developing a set of policies to structure public-sector efforts, encourage businesses to develop innovative initiatives in logistics practices, and delineate a general system of logistics platforms for foreign trade (paragraph 1.16).¹⁸

B. The National Competitiveness System and Commission

- 1.11 Since the 1990s and in an effort to identify actions needed to improve the activities that influence logistics (infrastructure and transport services; business logistics; trade facilitation), the Colombian government has been formulating a set of specific policies, primarily in the form of CONPES documents.¹⁹ In 1994 when the National Competitiveness Council was created, the Colombian government began to emphasize the issues of quality, productivity, and competitiveness at the national and regional levels. That vision was pursued and evolved by way of the National Productivity and Competitiveness Policy of 1999, and the Colombia Compite Network, a crosscutting program that coordinated the Regional Advisory Committees on Foreign Trade and the sector agreements on competitiveness, among other elements.²⁰
- 1.12 Although the National Productivity Policy successfully put forward the topic of competitiveness and productivity and its relationship to exports, it did not have tools to steer the guidelines of the Ministry of Foreign Trade and coordinate the different levels of government with the private sector. The monitoring and evaluation system and the absence of quantifiable targets were also identified as weaknesses.²¹
- 1.13 In 2004 the Internal Agenda for Productivity and Competitiveness again gained momentum, which culminated in the creation of the National Competitiveness Administrative System (SNC) in 2006 under the coordination of the National Competitiveness Commission (CNC). The CNC consists of several mixed technical committees ([see oel 5 d](#)), one of which deals with logistics and transport. Its responsibilities include finding solutions for the weaknesses identified in the freight transport and logistics infrastructure and in the regulation of freight transport. In

¹⁷ Program to support private participation and concessions in infrastructure – Stage 2 (US\$5 million) 2004; and 2079/OC-CO: CO-L1065 Program to support private participation and concessions in infrastructure – Stage 3 (US\$14,185,000) 2008.

¹⁸ Costos logísticos de las empresas. Estudio de cadenas, familias y plataformas logísticas; Advanced Logistics Group 2008.

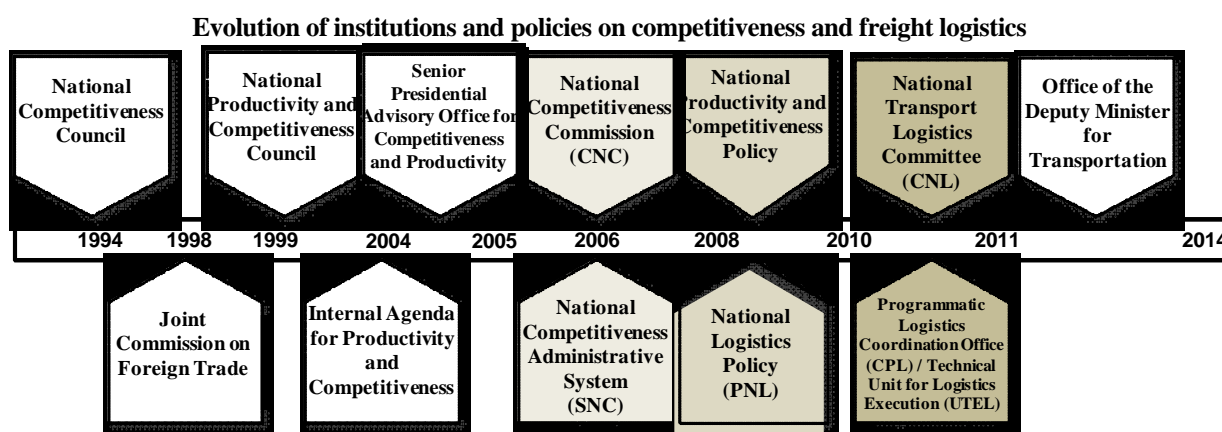
¹⁹ The National Economic and Social Policy Council (CONPES), the nation's highest planning authority, advises the Colombian government on aspects related to economic and social development. It coordinates and guides the agencies in charge of economic and social management by issuing general policies. The President of the Republic heads the Council, and its members are the Ministers of Foreign Affairs, Finance, Agriculture, Development, Labor, Transportation, Foreign Trade, Environment, and Culture, the Director of the DNP, and others. ([See oel 5 c.](#))

²⁰ See the evolution of institutions and policies, as well as the participating agencies. ([See oel 5 d.](#))

²¹ CONPES 3439.

2007, the SNC also enabled the private sector to participate in the CNC through the Private Competitiveness Council.²²

- 1.14 One of the strategic pillars of the system was to develop a logistics policy with a medium- and long-term perspective that, with support from a participatory planning exercise, would lead to a state policy. The result of this process was the approval in 2008 of the National Productivity and Competitiveness Policy (CONPES 3527) and the National Logistics Policy (CONPES 3547), which lay the foundations for sustained improvement in Colombia's logistics performance, a more competitive position in the international markets, and better conditions for the internal market for goods and merchandise.



C. National Logistics Policy (PNL)

- 1.15 The PNL is the fruit of efforts under way since the mid-1990s in the areas of competitiveness, logistics development, and freight transport. The PNL targets transport services infrastructure. Efforts to improve competitiveness should focus both on developing the transport infrastructure and on providing increasingly efficient services for the physical distribution of products to international and local markets. The PNL identifies six strategic factors that must be addressed in order to improve Colombia's logistics performance: (i) institutional weakness; (ii) lack of information; (iii) inadequacies in the transport infrastructure; (iv) a multiplicity of foreign trade processes; (v) limited use of information and communication technologies (ICT); and (vi) inadequate provision and use of logistics and transport services. Each factor gives rise to a specific course of action. (paragraph 1.17, paragraphs 1.23 - 1.29)

²² This Council is an independent entity financed by the private sector whose principal objective is to coordinate the efforts of various levels of government, business owners, academia, and workers so as to achieve the vision of a competitive Colombia. It also seeks to promote the identification and priority public and private actions that will boost competitiveness.

- 1.16 The PNL identifies several areas of action as vital to improving logistics performance. Some of these areas are the responsibility of the public sector, such as basic economic infrastructure and improvement of services related to trade facilitation. Other areas come under the domain of the private sector, such as increasing the supply, diversity, and quality of logistics services, improving management systems, incorporating technology, and improving and modernizing equipment. Still other areas require coordination between the two sectors.
- 1.17 The National Logistics Policy incorporates the following diagnostic assessment and action plan: (i) create an institutional environment that increases competitiveness through improvements in logistics performance; (ii) generate logistics information—which is at present largely nonexistent or unsystematized—by gathering and publishing information that contributes to the adoption of best practices; (iii) improve the provision of infrastructure by developing a multiyear investment plan in which competitiveness is central in choosing action priorities focused on: (a) the supply of specialized logistics infrastructures²³ organized into corridors that serve important production families organized into logistics chains; (b) the actions of local governments in land-use planning that promotes the provision of logistics services; (c) urban logistics, which is essential for cities to remain functional and for reducing logistics costs in the “final stretch”; (d) border crossing operations, which are essential to integration with neighboring countries; and (e) efficiency at ports of export; (iv) facilitate foreign trade by reducing the duration and costs of intervention by public agencies, with special focus on: (a) simultaneous physical inspection; (b) use of technologies that facilitate the processes of control, traceability, and single inspection of goods; (c) updating of regulations on customs processes; and (d) integration of ICT into logistics services; and (v) diversify logistics and transport services, in recognition of the fact that road freight transport has a significant bearing on domestic logistics (and their impact on foreign trade), and that there is a dearth of high-quality, complex services that might enable small and medium-sized enterprises to compete domestically or internationally.
- 1.18 **2010-2014 National Development Plan (PND).** In an effort to increase economic competitiveness and business productivity, the Colombian Government is placing emphasis on sectors that can potentially drive economic growth over the next few

²³ Logistics infrastructure includes the various trucking centers, consolidation and distribution centers, multimodal platforms, dry ports, air cargo centers, and logistics activity zones.

- years.²⁴ The PND identifies five “engines of growth”: innovation, the agricultural sector, housing, transport infrastructure, and the mining/energy sector. In this strategy, the freight transport and logistics sector is seen as an essential crosscutting element for development and consolidation of the Colombian government’s policy objectives and for the success of the PND ([see oel 5 e](#)).
- 1.19 The PND outlines specific action points for undertaking the institutionalization of the PNL and makes a commitment to the institutional strengthening of the logistics and freight transport sector. At the same time, the plan also undertakes to fulfill the objectives of this program by creating—through the CNC and within the National Transport Logistics Committee (CNL, formerly Comifal)—the Logistics Programmatic Coordination Office (CPL) and the Technical Unit for Logistics Execution (UTEL), signaling its intention to make the CNL operational as an institution and to develop new tools for implementing the PNL. To coordinate national policy, the PND created the Office of the Deputy Minister for Transportation, which is directly responsible for the regulation and management of freight transport services and for coordinating the development of specialized logistics infrastructure.
- 1.20 The PND also emphasizes the need for coordination between the public and private sectors for its implementation. One of the CPL’s mandates is to address the weaknesses identified in the National Productivity and Competitiveness Policy (paragraph 1.12). The CPL has responsibility for analyzing and studying the procedures, steps, and costs involved in trade and for delineating metrics and information systems that support the decision-making process, so that the necessary steps may be taken to improve efficiency throughout the foreign trade logistics chain. Through the CNL, the PND offers a means for implementing the guidelines of the National Logistics Plan with regard to the importance of domestic trade and the logistics actions necessary to its development, to achieve and solidify Colombia’s competitive position in the international markets. Under this institutional structure, the DNP acts as a technical secretariat and participates through the UTEL, which also includes the Deputy Minister for Transportation ([see oel 5 f](#)).
- 1.21 The PND also specifies courses of action, targets, a budget, and sources of financing, and differentiates between private, centralized, and decentralized

²⁴ Inputs for the 2010-2014 PND. During the preparation of the PBL in 2009, the project team coordinated with the DNP to establish the policy conditions matrix, which has been refined through the preparation process. The matrix, which covers each essential point of the PNL, became a fundamental input for the 2010-2014 PND in the transport and logistics sector. This is confirmed in the text of the plan, which is consistent with, and in several cases serves as a means of verification for, the matrix. The Bank also supported the formulation of the PND through financing for the consulting teams assigned to conduct studies and moderate the workshops that culminated in the 2010-2032 Master Transport Plan, embodied in the strategy for the “transport infrastructure” engine (paragraph 1.19) ([see oel 5 e](#)). The recommendations included creation of the Office of the Deputy Minister of Transportation to manage freight transport services.

contributions to ensure policy continuity during the four-year term of the new government.

D. Program rationale and strategy

- 1.22 This freight logistics and transport operation satisfies the essential decision factors in the selection of this type of operation, inasmuch as it aligns the strategic objectives of the National Competitiveness Policy, the National Logistics Policy, the Master Transport Plan, and the National Development Plan with the Bank's country strategy. The program objectives of strengthening aspects related to regional integration and mitigation of climate change are also consistent with the goals of the Ninth General Capital Increase (GCI-9) (paragraph 1.28).
- 1.23 **Relationship with the Bank's country strategy, including its goals of institutional reform for development.** The program will promote the institutionalization of the PNL and achievement of the goals of the Colombian government through: (i) strengthening of the governance of public entities in the transport and trade sector through institutional reforms that will improve services related to freight logistics; (ii) better processes for developing logistics services tailored to the demands of the production and marketing chain; (iii) improvements in the business climate and the necessary transport infrastructure for the logistics corridors; and (iv) creation of information systems to serve the logistics corridors, training in transport logistics at the operational, technical, and managerial levels, and support for higher-quality, lower-cost social services through reduced costs of transportation and communications.
- 1.24 **Adaptation and implementation of associated policy reforms.** During the past 15 years, Colombia has developed, implemented, and adapted the National Logistics Policy through: (i) its inclusion as the key factor in the internal agenda for competitiveness and productivity; (ii) logistics and multimodal transport as linchpins of its medium- and long-term policy; (iii) creation of the relevant institutional framework; (iv) design of a national system of logistics platforms and the use of incentives for their development; (v) implementation of trade facilitation mechanisms; (vi) priority accorded to large infrastructure projects; and (vii) facilitation of logistics for the transport and physical distribution of goods (paragraph 1.11).
- 1.25 **Macroeconomic framework conducive to policy reforms.** Investment in infrastructure and services is one of the central concerns of the Colombian government. Certain market signals provide the basis for associated public and private investment: (i) strengthening of the institutional framework; (ii) integrated development of the physical infrastructure of logistics corridors; (iii) policies to facilitate foreign trade logistics; and (iv) promotion of efficient services.
- 1.26 **Public-private institutional coordination.** Upon completion of the process of formulating the PNL, the institutional mechanisms necessary to implement it were created. This process relied on proper coordination among the main public entities with responsibility for logistics facilitation, business associations, and associated

private agents (e.g., businesses and commercial chains). The Private Competitiveness Council (CPC) monitors policy and related strategies and acts as a conduit for concerns and requests with regard to private-sector logistics performance. Each year it produces the National Competitiveness Report, which presents its view of progress on strategic matters, including logistics and transport (paragraph 1.13). This program will make it possible to carry out the actions of the Colombian government through the UTEL, thereby deepening the dialogue and relationship with the CPC and the associations.

- 1.27 **Foreign trade facilitation.** The Colombian government is making an effort to improve foreign trade processes so as to increase efficiency and reduce the time needed for customs clearance. The Ministry of Commerce, Industry, and Tourism administers simultaneous physical inspection and the Foreign Trade Single Window (VUCE); export procedure manuals are available, and a pilot plan is being developed for implementation by the second half of 2011. A simultaneous physical inspection module for imports at ports is being developed. Colombia is also developing procedures for the Authorized Economic Operator program, which has already been discussed and worked out by all the participating state agencies and the businesses in the pilot project.²⁵ This mechanism will facilitate trade and the adoption of security standards in the logistics chain.²⁶ Lastly, Colombia is finalizing the preparation of a new Customs Statute that will streamline customs clearance and improve risk management. It is important to bear in mind that the new statute incorporates the state-of-the-art trade facilitation rules that are included in the Free Trade Agreement with the United States and that promote true reform in time reduction and efficiency for the transit of goods.
- 1.28 **Green logistics.** The transport sector is Colombia's biggest contributor to total greenhouse gas emissions (GHGs), accounting for 12% of emissions overall and 22% of those related to energy. Owing to its direct relationship to economic activities and social development, transport presents challenges for identifying investments that have a transformative impact on the reduction of GHG emissions over time. Energy use and the associated emissions will increase as a result of the interrelated processes of economic development, urbanization, rapid motorization, and expansion of domestic and international trade in goods and services.
- 1.29 According to one trend scenario, emissions from the transport sector will increase from 21.8 Mt CO₂e²⁷ in 2004 to 39.2 Mt CO₂e in 2030. It is estimated that 50% of these amounts originates in the movement of freight, and therefore action must be taken in that sector if the goal is to have a policy aimed at developing a transport system that is low in carbon emissions. The importance of this issue has been

²⁵ The Bank's Integration and Trade Sector is financing this activity through technical cooperation operation CO-T1214 (ATN/AT-12536-CO), financed by the Aid for Trade Fund. The full implementation of the module would be financed with a loan operation already requested by the government.

²⁶ Technical Cooperation Operation on Trade Facilitation and Security Standards in the Logistics Chain. RG-T1325

²⁷ Mt CO₂e: million tons carbon dioxide equivalent.

recognized by the PND because of the sector's contribution to GHGs and the importance of the carbon footprint in choosing suppliers and their associated supply chains. Improvements in logistics tend to reduce the intensity of emissions per ton-km transported, improve the sector's energy efficiency, and generally contribute to the sustainability of freight transport and the related logistics.

- 1.30 **The program and the National Logistics Policy.** The process of implementing the PNL has required support for vetting, implementation, and roadmapping. The program preparation phase has provided support, in the form of technical and policy dialogue, for the preparation of key inputs for the PND and the Master Transport Plan.
- 1.31 During the program preparation phase, the Bank and representatives of several ministries helped to delineate the plan for institutionalizing the PNL, which was ultimately incorporated into the PND and implemented through an act of the SNC in December 2010. The act creates the CNL, the CPL, and the UTEL (paragraph 1.28), which are not specifically mentioned in the CONPES document on the PNL, but are directly functional with the objectives of creating an institutional environment conducive to the development of these activities and interagency coordination and coordination with other actors. These milestones serve as means of verification for the program.
- 1.32 The program is divided into several technical-cooperation operations that provide technical support for the PNL's diagnostic assessment and action plan (paragraph 1.17): (i) better use of ICT in freight logistics and trade facilitation (CO-T1230). This TC seeks to formulate and implement the PNL by identifying and improving the use of information and communication technologies in logistics processes; (ii) implementation of the National Logistics Plan (CO-T1233). It will support the National Planning Department in the development and application of the PNL so as to ensure proper provision of logistics and transport services, thereby increasing freight flows and facilitating trade in both local and external markets; (iii) improved navigability and intermodal coordination on waterways (CO-T1238). This TC will analyze public policies and the current regulatory framework in order to promote waterway use, deepen sector knowledge, and evaluate its impact on demand, modal change, and GHG emissions, especially in the Magdalena River basin; (iv) development of specialized logistics infrastructure (CO-T1239). This TC will help the Colombian government to identify and implement management of specialized logistics infrastructures for foreign trade and domestic distribution of goods; (v) National Appropriate Mitigation Measures (NAMA) pilot study – National Plan for Freight Transport (CO-T1229). This TC seeks to generate capacity in the national governments of Latin America and the Caribbean, and of Colombia in particular, to develop and implement sustainable transport programs that mitigate climate change, to eventually gain access to the carbon financing markets. The TCs will generate several activities designed to implement the PNL, which are essential to institutional development, improved sector knowledge, and

policy implementation. The execution period for these activities will be longer than the operation that generated them.

- 1.33 **Medium-term objectives.** This operation was structured as a programmatic policy-based loan. It is the first of two possible operations that are technically linked but financed independently (see Annex II). The amount of the possible second operation will be established and confirmed with the borrower's authorities during the Bank's programming exercise. The programmatic structure of this operation is justified by: (i) the complex nature of the reforms; (ii) the implementation timeframes; (iii) the need to coordinate the reforms among the various sector entities; and (iv) the importance of tracking the implementation of the reforms so as to monitor and adjust them and the policy conditions of the next programmatic operation.

E. Program objectives and components

- 1.34 **General and specific objectives.** The objective of the program is to enhance the competitiveness of the Colombian economy through reductions in the cost and time of logistics for imports and exports. The specific objective is to support the institutionalization of the National Logistics Policy through: (i) strengthening of the institutional framework and logistics information; (ii) promotion of intermodal transport, platforms, and urban logistics and of specialized logistics infrastructures; (iii) improvements in foreign trade facilitation and control; (iv) environmental sustainability and strategies to mitigate climate change (sustainable transport); and (v) support for the establishment of a policy and regulation of transport services to transform the freight transport sector into a world-class activity, while improving sector knowledge and monitoring through the use of information systems. The program components and means of verification are described in Annex II, Policy Matrix.
- 1.35 **Component 1. Macroeconomic framework.** The objective of this component is to ensure that the borrower's macroeconomic framework is consistent with the program objectives and the sector policy letter.
- 1.36 **Component 2. Institutional structure.** A sustainable, robust, technical, professional, flexible, and nimble institutional structure with financial capacity is essential for implementing the actions provided for in the PNL. This component supports the consolidation of the institutional structure under the National Transport Logistics Committee. It will boost representation on the committee by the public²⁸ and private²⁹ sectors, and strengthen its technical, operational, and monitoring capacity through the creation of the Logistics Programmatic Coordination Office, which provides guidance and advisory assistance and, within the latter, the

²⁸ Senior Advisory Office for Competitiveness and Regions; Ministry of Transportation; Ministry of Commerce, Industry, and Tourism; National Tax and Customs Department; PROEXPORT and DNP.

²⁹ The productive sector, associations, and transport operators.

Technical Unit for Logistics Execution, which is based in the DNP³⁰ and responsible for technical and operational matters (paragraph 1.19).

- 1.37 **Component 3. Logistics information and the National Freight Transport and Logistics Observatory (ONCL).** The information made available through the creation of such an observatory will help in systematizing high-quality, timely information on freight transport and logistics. It will stimulate activities that are at present insufficiently developed, such as analytical tasks related to logistics performance and public policies, develop and publicize performance indicators, disseminate best practices, establish links with official and private entities, coordinate activities, and offer training.
- 1.38 **Component 4. Foreign trade facilitation.** This component will build upon the actions of the Colombian government in the area of trade facilitation, in particular: (i) a Foreign Trade Single Window; (ii) simultaneous physical inspection of goods and nonintrusive inspection at ports, interagency coordination, and staff training; (iii) an Authorized Economic Operator program; and (iv) updating of the Customs Statute.
- 1.39 **Component 5. Information and communication technologies (ICTs).** This component will expand the use of ICTs in logistics processes and improve the efficiency of commercial operations. It will promote public policies that encourage operational practices and efficiency in the private sector through the use of ICTs, in particular at logistics nodes (ports and export infrastructures). To that effect, the Colombian government will develop an action plan that identifies bottlenecks and improves management by the actors involved in the supply chain and the logistics operations. The government will also introduce pilot projects to systematize cargo manifests and the freight transport regulation system.
- 1.40 **Component 6. Logistics services.** The objective of this component is to deepen knowledge and information on road freight transport so as to improve the policies applied and their associated regulatory framework, while facilitating access to the activity and its operation. The component will also improve the oversight framework, in particular the role of the Superintendency of Ports and Transport, review the business structure and the quality of services provided, and analyze logistics corridors and chains.
- 1.41 **Component 7. Specialized logistics infrastructure.** This component will promote action to develop logistics platforms and border crossings. The logistics platforms will be tied to considerations such as land-use planning and reservation of physical areas for the associated logistics and property-related activity.
- 1.42 **Component 8. Green logistics.** The objective of this component is to develop and implement policies that reduce the role of freight transport in GHG emissions. To that end, the program will promote policies that encourage alternative modes of

³⁰ The DNP is seeking the necessary resources to achieve this institutional structure, while also examining alternative sources of financing to sustain it.

transport (e.g., rail, waterways) and technological, operational, and regulatory improvements in road freight transport. It will also support the development of an action plan for sustainable transport and driver training (“eco-driving”).

F. Main results indicators

- 1.43 The results matrix (see link 3) closely follows the conditions agreed to with Colombia and the execution timetable for the programmed TCs (paragraph 1.27). The matrix identifies the final outcomes as well as the commitments assumed by the Colombian government for PNL implementation by the various entities, and specifies the means of verification for each indicator.

II. FINANCING STRUCTURE AND PRINCIPAL RISKS

A. Financing instrument

- 2.1 The program will be financed under the programmatic policy-based loan (PBL) modality, based on the guidelines and directives established in the New Lending Framework (document GN-2200-13) and in the document on the preparation and implementation of this type of loan (CS-3633). This operation, at a cost of US\$300 million, will be the first of two operations financed independently.

B. Coordination with other lending and cooperation agencies

- 2.2 Although other lending and cooperation agencies operate in the areas of freight transport and logistics, their involvement is concentrated more in specific projects than in public policy. One exception is trade facilitation, where activities are being coordinated with both the World Bank and the International Finance Corporation.

C. Social and environmental risks

- 2.3 The reforms are aimed at strengthening an institutional framework that will be conducive to sustainable development of logistics services and infrastructure. The program lays the foundation for achieving environmental sustainability in the sector, through a model that reduces GHG emissions associated with freight transport and logistics services. Since the operation includes features that will improve behaviors in logistics and freight transport through a specific component targeted to that sector (paragraph 1.28), environmental impacts are expected to be positive. The associated technical cooperation operations provide for environmental considerations and analysis that will guide sector operations in the areas of environmentally sustainable freight transport and logistics. The approval documents for those operations and the related letters of agreement (paragraph 1.32) contain details of the scope of the environmental activities. In accordance with Directive B.13 of the Bank’s Environment and Safeguards Compliance Policy and because this is a policy-based loan, a classification is not required.

D. Other key issues and risks

- 2.4 The principal risk of the operation is institutional, owing to the high-level coordination and complexity of the various sector agencies, and the need to ensure

the sustainability of the actions that require private-sector involvement. This risk is mitigated by the lengthy experience working together during the preparation of the PNL and by the Bank's support in the form of nonreimbursable technical-cooperation operations, which will implement a series of important actions in support of the PNL.

- 2.5 The operation presents no risks for financial execution, because the technical conditions for disbursement will have been substantially met before the PBL is presented to the Bank's Board of Executive Directors.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Republic of Colombia. The executing agency will be the Ministry of Finance, which will coordinate mainly with the National Planning Department—with technical responsibility for execution of the PNL—and the Ministry of Transportation and the Ministry of Commerce, Industry, and Tourism and will rely on the cooperation of national, regional, and local entities as necessary. The DNP will be in charge of formal liaison with the Bank.
- 3.2 The DNP will have the following responsibilities: (i) deliver the reports and evidence of fulfillment of the conditions of the operation, and any other reports that the Bank may request; (ii) promote action to achieve the policy objectives specified in the program, particularly those included as conditionalities for the single disbursement; and (iii) gather, file, and deliver to the Bank all information, indicators, and parameters that will enable the borrower and the Bank to monitor, measure, and evaluate the outcomes of the program.

B. Summary of agreements for monitoring outcomes

- 3.3 The project team will monitor the program. The borrower and the Bank will supervise program execution through monitoring meetings to be scheduled by mutual agreement. The meetings will include a review of program indicators to determine progress made and make any necessary modifications to achieve the program's medium-term goals. Since the program is a policy-based loan, the Monitoring Plan is divided into two phases. The first phase focuses on validating the conditions precedent to the disbursement, and the second phase concentrates on evaluating the program outcomes during the period included in the PND ([see rel 6](#)).
- 3.4 The borrower is responsible for gathering all data necessary for monitoring and evaluation. The authorities will cover the costs of gathering and processing this information. Consultations to verify the indicators in the Results Matrix (see required electronic link 3) and the activities included in the Policy Matrix (Annex II) will be financed with the Bank's administrative resources ([see rel 6](#)).

IV. POLICY LETTER

- 4.1 The Bank and the Colombian government have agreed on the macroeconomic and sector policies set out in the policy letter sent by the Ministry of Finance ([see rel 1](#)). The letter describes the principal components of the government's strategy currently being implemented in the program action areas described in this document. Through its 2011-2014 National Development Plan, the Colombian government has reaffirmed its commitment to implementing the reforms and activities agreed upon with the Bank.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	The program supports climate chance initiatives, renewable energy and environmental sustainability; as well as regional cooperation and integration.		
Regional Development Goals	Competitive regional and global international integration by contributing to trade openness. Protecting the environment, responding to climate change, by supporting planning capacity in mitigation and adaptation of climate change.		
Bank Output Contribution (as defined in Results Framework of IDB-9)	Number of cross border and transnational projects supported (infrastructure and customs, etc). National frameworks for climate change mitigation supported.		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2474	Generation and platform for the competitve development of firms.	
Country Program Results Matrix	GN-2617	The program is included in the country program document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Evaluable	Weight	Maximum Score
	6.8		10
3. Evidence-based Assessment & Solution	7.0	25%	10
4. Ex ante Economic Analysis	4.5	25%	10
5. Monitoring and Evaluation	5.7	25%	10
6. Risks & Mitigation Monitoring Matrix	10.0	25%	10
Overall risks rate = magnitude of risks*likelihood	Low		
Environmental & social risk classification	Does not apply to PBLs (B.13)		
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)	yes	Uses national systems for financial management.	
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment	yes	Design policies to reduce contribution of cargo transport to CO2 emissions.	
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	yes	Improvements in the use of IT in the logistics of cargo and commerce (CO-T1230); implementation of the National Policy on Logistics (CO-T1233), (CO-T1238) will analyze the public policies and regulatory framework currently in place. (CO-T1239). Support the Colombian government in the identification and implementation in the management of ILEs ; (v) pilot study NAMA - National Plan for Cargo Transport (CO-T1229).	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.			

The domestic transport costs in Colombia represent 56% of the total costs of exporting a container, compared to the 41% average for Latin America. According to various studies, this is due to the gap in infrastructure and the quality of the transport and logistical services in Colombia. This constraint has negatively affected the development of commerce both with regards to imports and exports.

The project is evaluable. The POD presents a diagnostic that is backed by empirical evidence. The problems are clearly defined as are the factors that contribute to them. The magnitudes of the problems are presented and the interventions are linked to the problems identified in the diagnosis.

The results matrix has vertical logic and its impacts, outcomes and outputs are clearly presented. However, one of the products in the matrix does not have an indicator since the one presented is an outcome indicator not an output indicator. Some of the impacts, outcomes, and outputs indicators are not SMART since they are not sufficiently specific, measurable or realistic. All indicators have baselines, targets and sources of information. An analysis of the economic benefits is undertaken in which the cost savings generated by improvements in the logistical transport system are quantified. The assumptions used in this analysis are specified and a sensitivity analysis is undertaken.

The operation has an evaluation and monitoring plan and a budget allocated for each activity. The program will be evaluated using a reflexive methodology. The risks are identified and classified for probability and magnitude. However, the risk that the government of Colombia not pursue the implementation of the National Logistical Policy on a continuous basis, has been classified as 1 which indicates that this is virtually impossible to occur. This classification, however, would appear to be unrealistic. The risks present mitigation measures and indicators to monitor the implantation of the measures are included.

POLICY MATRIX
PROGRAM TO SUPPORT THE NATIONAL LOGISTICS POLICY

OBJECTIVES	POLICY MEASURES FOR THE FIRST PROGRAM	INDICATIVE COMMITMENTS FOR THE SECOND PROGRAM
I. General macroeconomic policy framework		
Macroeconomic stability.	The macroeconomic framework is consistent with program objectives and with the guidelines established in the sector policy letter.	The macroeconomic framework remains consistent with program objectives and the guidelines established in the sector policy letter, overall in agreement with the National Development Plan.
II. Sector institutional framework		
Supports the strengthening and consolidation of an institutional structure for freight logistics that supports timely decision-making and guides sector development.	<p>The National Logistics Committee (CNL, formerly COMIFAL), whose members come from the public and private sectors is established. It will be supported by the Logistics Programmatic Coordination Office (CPL) and the Technical Unit for Logistics Execution (UTEL).</p> <p>The CPL and UTEL will be the technical units of the CNL and its executive coordination will be the responsibility of the Transportation Ministry and the DNP.</p>	<p>The CNL operates regularly in accordance with its rules of procedure and sets the strategic guidelines of the CPL; for its part, the CPL formulates the work plan for UTEL. UTEL has its own operating resources, to which the private sector contributes.</p> <p>The work plan, with private-sector consensus, is executed regularly and has an adequate budget. The private sector actively participates in the work plan and plays a role in monitoring and financing it.</p>
III. Logistics information and the National Freight Transport and Logistics Observatory		
Promote improved integration, quality, dissemination, and transparency of information on freight logistics.	The CNL assigns the CPL-UTEL the role of helping the Transportation Ministry and DNP to develop a National Freight Transport and Logistics Observatory (ONCL).	<p>UTEL submits a proposal to the CNL to set up the ONCL.</p> <p>UTEL supports the Transportation Ministry in regular publication of statistical information on freight transport and logistics, in coordination with the DNP and DANE.</p> <p>The private sector offers technical support, and possibly financing, to the ONCL.</p> <p>There is a plan to integrate Colombia with the regional (LAC) logistics community to promote information exchange and establish benchmarking for identification of best practices.</p>

OBJECTIVES	POLICY CONDITIONS FOR THE SINGLE DISBURSEMENT (US\$300 million - 2011)	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
IV. Foreign trade facilitation		
Promote streamlining and modernization of regulatory and commercial processes with a view to improving competitiveness and encouraging integration.	<ul style="list-style-type: none"> • The process of implementing the simultaneous physical inspection system at ports has begun. • The process of implementing the nonintrusive inspection system at ports has begun. • The Authorized Economic Operator framework has been established. • The proposed new customs statute has been drafted. 	<p>The Foreign Trade Single Window process for import/export, phytosanitary, security, and other information is strengthened.</p> <p>The new Customs Statute and the Authorized Economic Operator are fully in force and operational.</p> <p>Both simultaneous physical inspection and nonintrusive inspection are gradually expanded from ports to other centers of international trade (airports and border crossings).</p>
V. Information and communication technology		
Expand and improve the use of information and communication technology in freight logistics and, in particular, promote modernization of road freight transport and bring it up to international standards.	The CPL instructs UTEL to present an action plan for the DNP, the Ministry of Commerce, Industry, and Tourism, and the Transportation Ministry to incorporate ICT into logistics processes.	<p>The action plan presented under the Policy Matrix is executed as provided for, under CPL supervision.</p> <p>The action plan identifies value chains to deepen the analysis and implements a pilot project.</p>
VI. Logistics services		
Deepen knowledge and information on road freight transport so as to improve the policies applied and their associated regulatory framework, while facilitating access to the activity and its operation.	The underpinnings of the National Development Plan will include specific guidelines on the topics of oversight and control of logistics and transport services, in particular with regard do: (i) the functions of the Superintendency of Ports and Transport and the proposal to rank responsibilities and prioritize actions; (ii) the linkage of reserve areas for urban logistics activity in territorial development plans.	<ul style="list-style-type: none"> • The Superintendency of Ports and Transport has reviewed its functions and has made them more specific. It has the necessary resources to perform them. • Where applicable, the territorial development plans include the urban logistics aspects necessary for the logistics activity to be carried out in a manner compatible with urban functions.

OBJECTIVES	POLICY CONDITIONS FOR THE SINGLE DISBURSEMENT (US\$300 million - 2011)	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
VII. Specialized logistics infrastructure		
<p>Support the study and development of specialized logistics platforms integrated with policies on infrastructure, mobility, and land use.</p>	<ul style="list-style-type: none"> • The foundations of the PND include public policy guidelines for promoting the creation of specialized logistics platforms and logistics corridor administrations in charge of coordinating public- and private-sector stakeholders to manage all actions taken with regard to a strategic corridor. • The CNL instructs UTEL to develop guides for: (i) implementing strategic logistics nodes; (ii) reserving areas for logistics activities; and (iii) incorporating logistics activity into territorial development plans. 	<p>The Colombian government reviews the regulatory and institutional framework of the transport sector, in particular road freight transport. In that regard:</p> <p>It reviews the responsibilities of the Superintendency of Ports and Transport (SPT), and the SPT begins operating on the basis of these new responsibilities.</p> <p>The Transportation Ministry works jointly and in a coordinated manner with trade associations representative of the road freight transport sector on a review of regulatory issues (e.g., start of participation in the activity, value of the service, contracts between parties), the structure of services provided, and public support that will enable the sector to evolve from a transport services provider to one that offers value-added logistics services.</p> <p>The DNP has methodologies for logistics activities, and supports subnational governments in their development through, among others: (a) agreements with other agencies and with public service providers; (b) land management and use; (c) impact of the operation on platforms in the surrounding urban environment; (d) business model and economic and financial plan; (e) legal and regulatory framework for the concession and operation of the logistics platform; (f) tax and financial incentives for promoting these developments; (g) management systems to ensure that the platform provides services to the productive community; (h) institutional scheme that governs public participation in the development of logistics platforms; (i) regulatory mechanisms for the services to be provided; (j) establishment of mechanisms that govern ways to capture the value of land and buildings in the vicinity of the platforms (logistics real estate sector); (k) formulation of arbitration plans for operation and management of the platforms.</p>

OBJECTIVES	POLICY CONDITIONS FOR THE SINGLE DISBURSEMENT (US\$300 million - 2011)	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
VIII. Innovation and best logistics practices—green logistics		
Promote environmentally sustainable behaviors in freight logistics and build a transport matrix that is less dependent on road transport.	<ul style="list-style-type: none"> • A policy is in place for analysis of river basins to improve navigation and its impact on the structure of the transport matrix. • The Transportation Ministry has submitted an official request to the Ministry for the Environment, Housing, and Territorial Development, with a menu of transportation sector projects to be included in the fifth GEF replenishment. • The Transportation Ministry and the DNP support the design of NAMA (National Appropriate Mitigation Actions) for logistics and road freight transport. 	<p>The Colombian government has included NAMA for road freight transport in government policies on climate change and may send them to the United Nations Framework Convention on Climate Change (UNFCCC) (the Copenhagen Accord).</p> <p>The Colombian government has studies that establish low-carbon transport scenarios and takes action to incorporate them into its sector policies.</p> <p>The Colombian government promotes greater diversity in the transport matrix by including more sustainable methods for moving freight (e.g., waterways, rail).</p> <p>The Colombian government is implementing an action plan for green logistics and road freight transport: (i) SmartWay design for Colombia; and (ii) driver training (“eco-driving”) plan for drivers who move freight by road.</p>

COLOMBIA
INDICATIVE TARGETS FOR A POSSIBLE SECOND PROGRAMMATIC LOAN
PROGRAM TO SUPPORT THE NATIONAL LOGISTICS POLICY OF COLOMBIA

OBJECTIVES	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
I. General macroeconomic policy framework	
Macroeconomic stability	The macroeconomic framework remains consistent with the program objectives and the guidelines established in the sector policy letter, overall in agreement with the National Development Plan.
II. Sector institutional framework	
Supports the strengthening and consolidation of an institutional structure for freight logistics that supports timely decision-making and guides sector development	<p>The CNL operates regularly in accordance with its rules of procedure and sets the strategic guidelines for the CPL; for its part, the CPL formulates the work plan for UTEL. UTEL has its own operating resources, to which the private sector contributes.</p> <p>The work plan, with private-sector consensus, is executed regularly and has an adequate budget. The private sector actively participates in the work plan and plays a role in monitoring and financing it.</p>
III. Logistics information and the National Freight Transport and Logistics Observatory	
Promote improved integration, quality, dissemination, and transparency of information on freight logistics	<p>UTEL submits a proposal to the CNL to set up the ONCL.</p> <p>UTEL supports the Transportation Ministry in regular publication of statistical information on freight transport and logistics, in coordination with the DNP and DANE.</p> <p>The private sector offers technical support, and possibly financing, to the ONCL.</p> <p>There is a plan to integrate Colombia with the regional (LAC) logistics community to promote information exchange and establish benchmarking for identification of best practices.</p>

OBJECTIVES	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
IV. Foreign trade facilitation	
Promote streamlining and modernization of regulatory and commercial processes with a view to improving competitiveness and encouraging integration	<p>The Foreign Trade Single Window process for import/export, phytosanitary, security, and other information is strengthened.</p> <p>The new Customs Statute and the Authorized Economic Operator are fully in force and operational.</p> <p>Both simultaneous physical inspection and nonintrusive inspection are gradually expanded from ports to other centers of international trade (airports and border crossings).</p>
V. Information and communication technology	
Expand and improve the use of information and communication technology in freight logistics and, in particular, promote modernization of road freight transport and bring it up to international standards	<p>The action plan presented under the Policy Matrix is executed as provided for, under CPL supervision.</p> <p>The action plan identifies value chains to deepen the analysis and implements a pilot project.</p>
VI. Logistics services	
Deepen knowledge and information on road freight transport so as to improve the policies applied and their associated regulatory framework, while facilitating access to the activity and its operation	<ul style="list-style-type: none"> • The Superintendency of Ports and Transport has reviewed its functions and has made them more specific. It has the necessary resources to perform them. • Where applicable, the territorial development plans include the urban logistics aspects necessary for the logistics activity to be carried out in a manner compatible with urban functions.
VII. Specialized logistics infrastructure	
Support the study and development of specialized logistics platforms integrated with policies on infrastructure, mobility, and land use	<p>The Colombian government reviews the regulatory and institutional framework of the transport sector, in particular road freight transport. In that regard:</p> <ul style="list-style-type: none"> (i) It reviews the responsibilities of the Superintendency of Ports and Transport (SPT), and the SPT begins operating on the basis of these new responsibilities.

OBJECTIVES	MEDIUM-TERM POLICY OBJECTIVES (2012-2013)
	<p>(ii) The Transportation Ministry works jointly and in a coordinated manner with trade associations representative of the road freight transport sector on a review of regulatory issues (e.g., start of participation in the activity, value of the service, contracts between parties), the structure of services provided, and public support that will enable the sector to evolve from a transport services provider to one that offers value-added logistics services.</p> <p>(iii) The DNP has methodologies for logistics activities, and supports subnational governments in their development through, among others: (a) agreements with other agencies and with public service providers; (b) land management and use; (c) impact of the operation on platforms in the surrounding urban environment; (d) business model and economic and financial plan; (e) legal and regulatory framework for the concession and operation of the logistics platform; (f) tax and financial incentives for promoting these developments; (g) management systems to ensure that the platform provides services to the productive community; (h) institutional scheme that governs public participation in the development of logistics platforms; (i) regulatory mechanisms for the services to be provided; (j) establishment of mechanisms that govern ways to capture the value of land and buildings in the vicinity of the platforms (logistics real estate sector); (k) formulation of arbitration plans for operation and management of the platforms.</p>
VIII. Innovation and best logistics practices—green logistics	
Promote environmentally sustainable behaviors in freight logistics and build a transport matrix that is less dependent on road transport	<p>The Colombian government has included NAMA for road freight transport in government policies on climate change and may send them to the United Nations Framework Convention on Climate Change (UNFCCC) (the Copenhagen Accord).</p> <p>The Colombian government has studies that establish low-carbon transport scenarios and takes action to incorporate them into its sector policies.</p> <p>The Colombian government promotes greater diversity in the transport matrix by including more sustainable methods for moving freight (e.g., waterways, rail).</p> <p>The Colombian government is implementing an action plan for green logistics and road freight transport: (i) SmartWay design for Colombia; and (ii) driver training (“eco-driving”) plan for drivers who move freight by road.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/11

Colombia. Loan ____/OC-CO to the Republic of Colombia
National Logistics Policy Support Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Colombia, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a national logistics policy support program. Such financing will be for an amount of up to US\$300,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 2011)

LEG/SGO-CO-36146670-11