

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COLOMBIA

**PROGRAM TO SUPPORT IMPLEMENTATION OF THE NEW NATIONAL
LOGISTICS POLICY**

(CO-L1263)

LOAN PROPOSAL

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ABBREVIATIONS

CLCE	Comité de Logística y Comercio Exterior [Logistics and Foreign Trade Committee]
DIAN	National Tax and Customs Directorate
DIES	Dirección de Infraestructura y Energía Sostenible [Sustainable Infrastructure and Energy Division]
DIMAR	Dirección General Marítima [Maritime Bureau]
DNP	National Planning Department
EBM	Multilateral Banking Team
ENL	National Logistics Survey
ICB	International competitive bidding
IMF	International Monetary Fund
MinCIT	Ministry of Commerce, Industry, and Tourism
MSME	Micro, small, and medium-sized enterprise
OECD	Organisation for Economic Co-operation and Development
ONL	National Logistics Observatory
PET	Program execution team
PNL	National Logistics Policy
RNDC	Registro Nacional de Despachos de Carga [National Freight Shipping Registry]
SIIF	Sistema Integrado de Información Financiera [Integrated Financial Information System]

PROJECT SUMMARY

COLOMBIA PROGRAM TO SUPPORT IMPLEMENTATION OF THE NEW NATIONAL LOGISTICS POLICY (CO-L1263)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility^(a)	
Republic of Colombia			Amortization period:	20.5 years
Executing agency:			Disbursement period:	4 years
National Planning Department (DNP) and Ministry of Transportation			Grace period:	10 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	15,000,000	100	Credit fee:	^(c)
			Inspection and supervision fee:	^(c)
			Weighted average life:	15.25 years
Total:	15,000,000	100	Currency of approval:	U.S. dollars
Project at a Glance				
Program objective/description: The general objective of the program is to improve logistics efficiency and contribute to the post-pandemic economic reactivation by implementing the new National Logistics Policy. The specific objectives are to: (i) increase the share of rail and river transportation modes and the use of specialized logistics services; (ii) increase the efficiency of agricultural logistics chains, including first- and last-mile logistics operations; (iii) foster the supply chains' digitalization and shorten processing times for foreign trade; and (iv) strengthen logistics sector governance.				
Special contractual conditions precedent to the first disbursement of the loan: As conditions precedent to the first disbursement, the coexecuting agencies will submit, to the Bank's satisfaction, evidence of: (i) the formal designation of the basic program execution team by the DNP and the logistics group by the Ministry of Transportation, based on the qualifications established in the program Operating Regulations. These teams will include: a technical coordinator; an operations, planning, and monitoring coordinator; a procurement specialist (for procurement support in the case of the Ministry of Transportation); and a financial specialist; (ii) the establishment of a Planning and Monitoring Committee based on the guidelines of the program Operating Regulations; and (iii) the approval of the program Operating Regulations under the terms previously agreed upon with the Bank (optional link 5) (paragraph 3.9).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges:^(d)	SI <input type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input checked="" type="checkbox"/>	
Crosscutting themes:^(e)	GD <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>	

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) 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 policies.
- (d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 In 2020, Colombia's economy was expected to grow, driven by internal demand and increased public spending.¹ However, the health crisis caused by the COVID-19 pandemic changed these expectations. The pandemic led to falling prices and lower demand for raw materials, which are a centerpiece of the country's export basket. Moreover, social distancing measures caused a supply shock, impacting employment and domestic consumption. There was a year-on-year contraction of 15.7% in GDP during the second quarter of 2020 and the unemployment rate was 19.8%. Exports showed a year-on-year drop of 25.3% as of June 2020.²
- 1.2 In this context, Colombia faces the challenges of accelerating the economic reactivation and recovering jobs. Increasing foreign trade participation and diversification, coupled with improving logistics efficiency, will contribute to these objectives. Higher trade in Latin America and the Caribbean between 1990 and 2010 generated an additional 40% growth in per capita GDP.³ In addition, countries with a 10% increase in export diversification had a 1.3% increase in productivity⁴ and created more jobs.⁵
- 1.3 To enable this growth source, Colombia needs to improve its logistics performance, accelerating the planning and development of strategic investments to reduce logistics costs and times. This includes crosscutting issues such as technology adoption, resilience to natural and climate disasters, and investment sustainability. Investing in both hard and soft connectivity will provide significant benefits. A 1% decrease in domestic transport costs could increase exports by 8%.⁶ Combined with the efficiencies generated by reducing the cost and time of foreign trade processes, the final cost of goods could be reduced, increasing their competitiveness in international markets.^{7,8}
- 1.4 **Progress consolidating the national logistics system.** In the past decade, Colombia has improved logistics efficiency for domestic and foreign trade. An example of this was the enactment of the National Logistics Policy (PNL) ([Conpes 3547 of 2008](#)), with the objective of developing a coordinated national logistics system focused on the country's competitiveness. Programmatic policy-

¹ [International Monetary Fund \(IMF\), 2019](#). Projected GDP: 2020, 3.5%; 2021, 3.8%.

² [National Administrative Statistics Department, 2020](#). In comparison, exports for Chile and Brazil fell 9.9% and 7%.

³ [IDB, 2019](#).

⁴ Feenstra and Kee (2004).

⁵ [United Nations Conference on Trade and Development, 2013](#); [World Trade Organization, 2011](#) and [2017](#); [IMF, 2018](#) and [2019](#).

⁶ [IDB, 2013](#).

⁷ Logistics costs will decrease 23% in Latin America and the Caribbean with the implementation of the World Trade Organization's Trade Facilitation Agreement. [Estevadeordal, 2017](#).

⁸ Cost reductions of up to 50% in the Bogota-Caribbean Coast corridor are estimated as a result of applying trade facilitation measures and achieving competitive transportation modes, [National Planning Department \(DNP\), 2020](#).

based loan 2540/OC-CO⁹ and investment loan 3130/OC-CO,¹⁰ whose execution is coming to an end, helped implement this strategy. Under these programs, the Bank supported the definition of the PNL as a State policy, helping to optimize domestic transportation, logistics, and distribution processes for goods. There have also been significant investments in fourth-generation road concessions and airport and port modernization. To complement this, trade facilitation measures were implemented, such as the adoption of a simultaneous inspection manual¹¹ and the simplification of customs regulations.¹² Thanks to this progress, the country rose from 17th in 2014 to 5th in 2018 in Latin America and the Caribbean in the Logistics Performance Index.¹³

- 1.5 Nevertheless, Colombia's logistics sector still has long times and high costs. According to the 2018 [National Logistics Survey](#) (ENL),¹⁴ the logistics cost for companies accounted for 13.5% of sales, compared to 9% for Organisation for Economic Co-operation and Development (OECD) countries. Its main components are storage (46.5%) and transportation and distribution (35.2%). In addition, for companies with foreign trade operations, logistics costs reach 38%. Because of these challenges, the PNL was updated in 2020 ([Conpes 3982 of 2020](#)).
- 1.6 **Persistent challenges.** This low logistics performance is associated with various factors, including:
- 1.7 **Limited development of intermodal transportation.** The freight-transportation mode matrix relies on the road mode, even though it is less efficient with respect to times and costs.¹⁵ For freight, 73% is transported by road,¹⁶ 23% by rail, and 1.5% by river. The latter two modes present regulatory and technical challenges. Significantly, when coal and oil are excluded from the mode matrix, the percentages are: 97% by road, 0.9% by river, and 0.1% by rail.¹⁷ This shows the low use of the rail and river modes to transport goods—in contrast with the

⁹ According to the project completion report (2012), the actions implemented helped establish the technical bases and responsible institutions to execute the 2008 PNL.

¹⁰ Main outcomes include: Logistics and Foreign Trade Mission 2016-2018, [Conpes 3982 of 2020](#), National Logistics Observatory ([ONL](#)), [Logistics Portal](#), [ENL 2018](#) and 2020 (in progress), and advances in the modernization of the freight trucking sector.

¹¹ [Conpes 3528 of 2008](#).

¹² [Decree 1165 of 2019](#).

¹³ However, Colombia's score is 2.81/5, below the average for OECD countries: 3.65/5. [World Bank, 2018 Logistics Performance Index](#).

¹⁴ The ENL is a probabilistic, stratified, three-stage survey to analyze the country's logistics. It is a benchmark survey of the Colombian logistics sector, representing all the registered companies in the country across six regions, six economic activities, and all company sizes. Sample for [ENL 2018](#): 848,986 companies.

¹⁵ With one liter of fuel, the river mode covers 8.6 times the distance of the road mode; the rail mode, 3.5 times. Road freight costs 3.2 times as much as river freight and 2.3 times as much as rail freight. [Conpes 3982](#).

¹⁶ In a nonoptimal business structure, where generators of freight contract companies as intermediaries for logistics services, only 48% of companies devoted to transportation activities have their own fleet, and 97% of transportation and storage companies are microenterprises and small businesses (ENL 2018).

¹⁷ [Conpes 3982](#).

- mining and energy sector—considering the potential reduction in transportation costs that these modes offer. Estimates show that an increase of 2.9 percentage points in the freight transported by rail and river over the next 10 years, compared to the country's total, would generate savings of 63% in transportation costs.¹⁸ An additional benefit is reduced greenhouse gas emissions resulting from the transition to a cleaner modal transportation matrix (paragraph 1.15).
- 1.8 Also, the supply of specialized logistics services (consolidation, cold chain, container yards, urban distribution hubs) lags behind compared to OECD countries.¹⁹ This negatively impacts the competitiveness of micro, small, and medium-sized enterprises (MSMEs). In Colombia, only 62% of companies outsource specialized logistics services, compared to 98% in Brazil and 90% in Peru.²⁰ Evidence shows that improving the quality and supply of logistics services, with a 0.1 percentage point increase in the region's Logistics Performance Index, would result in a 1.74 percentage point increase in total exports from Latin America and the Caribbean.²¹
- 1.9 **Inefficiencies in the flow of goods throughout the territory.** The logistics cost for the agriculture sector is 12.8%.²² This is associated with production and storage (40.5%) and distribution (20.6%) processes, because of the lack of logistics services and low use of technology. Colombia's cold-chain storage capacity per urban resident is 0.003 cubic meters, lower than for Chile (0.232) and Mexico (0.053).²³ In addition, agriculture sector studies showed that only 30% of producers use technological devices in their activities, 11.3% use the Global Positioning System, and less than 1% use drones or sensors to track freight. The incipient agrologistics chain directly impacts the country's export potential. While Mexico and Chile account for 18% and 12%, respectively, of Latin America and the Caribbean's agricultural exports, Colombia accounts for less than 3%.²⁴ Recent studies in Argentina and Brazil showed that a one-unit increase in the Logistics Performance Index's logistics services subindex is associated with an increase of between 5,000 tons and 28,000 tons in new agricultural exports.²⁵
- 1.10 Moreover, there is a lack of coordination between subnational land-use management policies and the PNL. This is reflected, for example, in poor regulations to determine timeframes restricting freight vehicle circulation in cities. Therefore, on the entry roads to main urban centers, freight transportation vehicles face highly reduced speeds, going from the allowed 50 kilometers per hour to less than 30 kilometers per hour. This increases logistics costs and air

¹⁸ [Conpes 3982](#).

¹⁹ Colombia's quality of logistics services score is 2.85/5. OECD countries average: 3.64/5.

²⁰ [ENL 2018](#) and Latin American Logistics Association (ALALOG).

²¹ [Kee-hung Lai et al., 2019](#); [Martí, Puertas, García, 2014](#).

²² Compared to 11.5% for the industrial sector. [ENL 2018](#).

²³ [DNP, 2020](#).

²⁴ UN Comtrade, 2019.

²⁵ [Mendes dos Reis et al., 2020](#).

pollution.²⁶ Estimates show that Colombia loses approximately 2% of annual GDP due to municipal congestion.²⁷ Coupled with the growth in e-commerce (accelerated as a result of the pandemic)²⁸ and its resulting increase in the number of urban deliveries, this has made last-mile logistics more complex. What is needed are comprehensive interventions that coordinate the National Logistics Plan with subnational policies and include the establishment of logistics microplatforms in cities; loading and unloading zones, periods, and schedules; and nighttime or off-peak logistics, which have the potential to increase the efficiency of the flow of goods in cities and regions. A nighttime distribution pilot project in Bogota, Cali, and Barranquilla resulted in a 100% increase in average speed and a 50% improvement in vehicle travel times.²⁹

- 1.11 **Inefficiencies and low adoption of technology in domestic and foreign trade operations.** There is low technology adoption among suppliers of logistics services, transportation, and distribution, which are mostly MSMEs.³⁰ Of them, 64.4% do not use technology and nearly 30% do not know about any technology applicable to their operations.³¹ This is mostly due to the lack of incentives promoting digital transformation and information-system integration for logistics operators, lack of specialized human capital, and resistance to change.³² In addition, these challenges for information access and interoperability are replicated in government entities, which operate stand-alone systems and services. This limits the availability of information for decision-making on logistics public policy.
- 1.12 Moreover, foreign trade logistics still has low efficiency levels. Import times are 206 hours and export times are 151 hours.³³ This accounts for 70% of the business logistics chain timeframe.³⁴ Import and export costs for Colombia are 75% above the average for OECD countries.³⁵ This is due to factors that include the lack of optimization and digitalization of goods shipping and the poor interoperability of information systems in foreign trade hubs, particularly the ports that transport 97% of the cargo.³⁶ The use of technology to simplify, standardize,

²⁶ The road mode is the main source of urban air pollution (90%) associated with transportation. [DNP, 2020](#).

²⁷ [Conpes 3982](#). GDP losses for OECD countries are: United States (0.5%), United Kingdom (0.2%), and Germany (0.1%). [The Economist, 2018](#).

²⁸ In April and May 2020, the first two months of the quarantine, e-commerce grew 73% in Colombia. [Colombian E-commerce Chamber, 2020](#).

²⁹ [DNP, 2020](#).

³⁰ [Calatayud and Katz, 2019](#).

³¹ [ENL 2018](#).

³² [Calatayud and Katz, 2019](#).

³³ [National Tax and Customs Directorate \(DIAN\), 2019](#). This is more than 48 hours, the commitment that Colombia made in various trade agreements.

³⁴ [DNP, 2020](#).

³⁵ [Doing Business 2020, World Bank Group](#).

³⁶ The quality of foreign trade services and processes in ports obtained the worst score (3.4/5), followed by border crossings (3.7), and airports (4). [ENL 2018](#).

and automate the supply chain, including customs, logistics, and port processes, has a positive impact on trade growth and diversification.³⁷

- 1.13 **Poor interagency coordination.** There is a lack of clarity among the 24 entities participating in logistics regarding the borders between institutions. There are also interagency coordination challenges, particularly for national and subnational agencies, because of the crosscutting and multisector nature of policies. For example, seven national entities have direct responsibility for planning and structuring transportation infrastructure projects. They are the Ministry of Transportation, the National Planning Department, the National Road Institute, the National Infrastructure Agency, Aerocivil, the Maritime Bureau (DIMAR), and Cormagdalena. This impacts the effective division of labor and specialization of duties, in addition to having poor coordination at the subnational level.³⁸ Studies show that government effectiveness and quality of regulations have a high correlation with better logistics performance.³⁹ To address this challenge, there is a need to strengthen the governance of entities participating in logistics, strengthen interagency coordination (paragraph 1.24), and facilitate technical training for implementation of the PNL.
- 1.14 **Environmental sustainability and climate change.** Colombia faces high risks to the impacts of climate change. Specifically, the logistics infrastructure is highly vulnerable to flooding and landslides, which interrupt transportation services. In addition, rising sea levels affect port operations. Average temperatures are expected to increase 1.4°C between 2011 and 2040, 2.4°C between 2041 and 2070, and 3.2°C between 2071 and 2100. In the same period, average annual rainfall is expected to decrease 36% and sea levels to increase between 1.2 millimeters and 3.8 millimeters per year.⁴⁰ These climatic variations could reduce the availability of the country's road network between 15.1 and 27.4 days per year for the 2020-2100 period, depending on each year's climatic scenario.⁴¹ Moreover, they could impact up to 30% of the cargo in Colombian ports, which combined with possible infrastructure damage, would equal exposed investments of US\$11,652,500,000 by 2040.⁴²
- 1.15 To respond, Colombia has committed to a 20% reduction in greenhouse gas emissions by 2030 to fulfill the Paris Agreement on climate change.⁴³ The transportation sector, including the logistics subsector, has been identified as a priority in achieving this target.⁴⁴ The transportation sector contributes 12% of the country's greenhouse gas emissions. The road subsector is responsible for 90% of those emissions.⁴⁵ Therefore, for the transportation sector, priority mitigation

³⁷ [Carballo et al., 2016](#); [Volpe, 2017](#); [Carballo et al., 2019](#); [Mendes, 2019](#).

³⁸ [Conpes 3982](#).

³⁹ [IDB, 2010](#).

⁴⁰ [DNP and IDB, 2015](#).

⁴¹ Ibid.

⁴² [Ministry of the Environment and Ministry of Transportation, 2017](#).

⁴³ [Law 1844 of 2017](#).

⁴⁴ [Intended Nationally Determined Contribution \(INDC\), Colombia](#).

⁴⁵ [Sectoral Mitigation Action Plan](#).

measures for the [Nationally Appropriate Mitigation Action Plan](#) and the [Sectoral Mitigation Action Plan](#) are to optimize logistics operations and promote rail and river transportation. The strategies and activities for this operation include environmental sustainability criteria to reduce greenhouse gas emissions and strengthen the subsector's resilience to natural and climate disasters (paragraphs 1.23, 1.24, 1.25, and 1.26).

- 1.16 **Gender considerations.** Despite the lack of data to document the gender gap in Colombia's logistics sector, the information available suggests that women-run companies could be facing higher logistics costs than companies led by their male peers, adversely impacting their export capacity. Transportation sector data indicates that 92% of the sector's MSMEs in the country are led by men.⁴⁶ In addition, studies⁴⁷ show that women-run export companies disproportionately face higher logistics barriers. Some of these barriers are more difficulties meeting regulatory and procedural requirements at the border; exclusion from male-dominated transportation and distribution networks; and higher risk of abuse, including corruption and harassment at foreign trade hubs.
- 1.17 Given the need to know more about the impact of logistics costs on the export performance of women-run enterprises, this operation will include a gender variable to differentiate between the owners of the companies surveyed for the 2022 and 2024 versions of the ENL (paragraph 1.25b). Including a gender variable in the survey makes it possible to quantify the sector's gender gap and design policy interventions with an evidence-based gender perspective. The analysis of the information provided by the ENL 2022 and the preparation of recommendations with a gender approach will be financed with technical cooperation operation ATN/MR-17474-RG.
- 1.18 **Sector knowledge.** The Bank has solid experience with programs to reduce logistics costs by modernizing freight transportation and implementing trade facilitation tools. In Colombia, the Bank has provided this support through policy-based loan 2540/OC-CO, approved in September 2011 for US\$300 million; investment loan 3130/OC-CO, approved in December 2015 for US\$15 million, which is in the closure phase; and seven technical cooperation operations⁴⁸ totaling US\$3.8 million, to help establish guidelines to expand the rail sector, the river sector, and the transportation energy efficiency initiative. Also noteworthy are trade facilitation efforts through the program to support the modernization of the National Tax and Customs Directorate (loan 5148/OC-CO) and the program to support the diversification and internationalization of the Colombian economy (loan 4929/OC-CO).⁴⁹ These support the optimization and digitalization of foreign trade and investment processes. This operation will build on the advances of these programs (paragraph 1.4) and will address additional, complementary challenges identified by the new PNL and related to: strengthening the country's

⁴⁶ [The Future of Business Survey, 2017](#); [IDB, 2019](#).

⁴⁷ Sabarwal, S., and Terrell, K. (2008); Bélanger, A. (2019); [Sekkel, J. \(2020\)](#).

⁴⁸ Operations ATN/FI-12323-CO, ATN/KK-12400-CO, ATN/OC-12350-CO, ATN/OC-12395-CO, ATN/JF-13035-CO, ATN/OC-17290-CO, and ATN/OC-16766-CO.

⁴⁹ This operation will coordinate with these latter two programs to ensure the interoperability of the foreign trade information systems.

- intermodality, deepening urban-regional logistics, implementation and widespread use of technologies in logistics chains, and improvement of governance structures and institutional frameworks around logistics.
- 1.19 **Lessons learned.** To be successful, the proposed program needs: (i) a full execution team at every coexecuting agency and systematic coordination between the teams; (ii) prior planning to ensure suitable budget appropriations; (iii) change management actions at the entities involved in implementing the PNL; and (iv) stronger interagency coordination committees. These lessons have been incorporated into the design of the operation by: (i) strengthening the execution teams (paragraphs 3.1 and 3.2) and formalizing the Coordination and Planning Committee through the program Operating Regulations; (ii) synchronizing the operation's planning with the country's budget cycle; (iii) programming technical and change-management training for the entities involved; and (iv) preparing road maps to improve the effectiveness of interagency coordination mechanisms.
- 1.20 **Strategic alignment.** The program is aligned with the Bank's second Update to the Institutional Strategy (document AB-3190-2), with the challenges of: (i) productivity and innovation, by helping establish institutional frameworks to improve the business climate and facilitate urban planning and rural infrastructure; and (ii) economic integration, by helping promote investment in transportation infrastructure and favoring the alignment of integration instruments to reduce the costs of information and logistics. It is also aligned with the crosscutting issues of: (i) climate change and environmental sustainability, by promoting policies and actions for resilience to natural and climate disasters in the transportation and logistics sector. Of the operation's resources, 71.03% will be invested in climate change mitigation and adaptation activities, based on the [Multilateral Development Banks' joint methodology on estimating climate finance](#); (ii) gender equality and diversity, by enabling the collection of data disaggregated by gender through the ENL, to quantify the impact of logistics costs on women-run enterprises and design policies focused on closing that gap; and (iii) institutional capacity and the rule of law, by fostering regulatory, governance, and technology-modernization reforms to eliminate obstacles to business productivity and growth.
- 1.21 The operation is also aligned with the IDB Group Country Strategy with Colombia (2019-2022) (document GN-2972) in the strategic area of economic productivity, specifically through these objectives: (i) promote innovation and digital ecosystems by fostering the implementation of 4.0 technologies to improve logistics performance; (ii) foster agricultural development by helping to increase participation of agricultural production in global value chains; and (iii) facilitate the implementation of the intermodal transportation master plan. Likewise, the program is consistent with the IDB Infrastructure Strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth (document GN-2710-5), by: (i) promoting finance and technical assistance for infrastructure that contributes to economic growth and fosters regional and global integration; and (ii) planning infrastructure to deliver quality services that promote sustainable growth. This operation is also consistent with: (i) the Climate Change Sector Framework (document GN-2835-8), by helping the country meet its commitments for climate-resilient development and low carbon emissions; (ii) the Transportation Sector Framework Document

(document GN-2740-12), by promoting the development of efficient, sustainable logistics services; and (iii) the Integration and Trade Sector Framework Document (document GN-2715-11), by promoting reduced logistics costs through the use of emerging technologies.

B. Objectives, components, and cost

1.22 **Objectives.** The general objective of the program is to improve the efficiency of logistics and contribute to the post-pandemic economic reactivation by implementing the National Logistics Policy (PNL). The specific objectives are to: (i) increase the share of rail and river transportation modes and the use of specialized logistics services; (ii) increase the efficiency of agricultural logistics chains, including first- and last-mile logistics operations; (iii) foster the supply chains' digitalization and shorten processing times for foreign trade; and (iv) strengthen logistics sector governance.

1.23 **Component I. Transportation-based logistics efficiency (US\$5.8 million).** This component will mainly finance the following activities:

- a. Reactivation of the rail and river modes: (i) designing and implementing a promotion strategy for the rail and river transportation modes to increase their share of the transportation mode matrix; (ii) developing technical regulations for the rail and river modes, and building the technical capacity of logistics operations stakeholders on nonroad modes; (iii) conducting a diagnostic assessment of the country's infrastructure network and logistics-services supply to identify bottlenecks and develop transportation models that increase the efficiency of multimodal transportation operations; and (iv) designing and implementing strategic plans to improve the operating efficiency of the nonroad transportation modes, based on the results of the Rail, River, and Intermodal Transportation Master Plan. These strategies will include environmental sustainability criteria to reduce the environmental impact of the transportation sector and strengthen its resilience to natural and climate disasters.
- b. Strategic plan to promote and develop logistics services and specialized logistics infrastructure: (i) developing policy guidelines tax and nontax incentives; (ii) formulating regulations; and (iii) developing intermodal integration and subnational logistics efficiency plans. The strategic plan will include climate change adaptation and mitigation components.
- c. Regulatory strategy for the economic relationships between cargo-transportation system stakeholders:⁵⁰ (i) designing and implementing new functionalities for the National Freight Shipping Registry ([RNDC](#))⁵¹ System ([RNDC](#) mobile application, mechanism to receive georeferenced data on freight origins and destinations); and (ii) updating and disseminating the regulatory framework to foster legality and formality in the transportation sector.

⁵⁰ Solutions and digital programs to reduce greenhouse gas emissions.

⁵¹ The [RNDC](#) is an information system that receives, validates, and transmits data on road freight transportation generated through public service operations.

1.24 Component II. Subnational logistics (US\$1.9 million). This component will mainly finance the following activities:

- a. Low-carbon, resilient action plan for the technical strengthening of agrologistics chains: (i) designing and consolidating the infrastructure network inventory and logistics services for representative productive initiatives; (ii) designing a subnational technical strengthening strategy for prioritized agricultural logistics chains;⁵² and (iii) preparing an action plan to strengthen production and the optimization of logistics information and increase the adoption of information and communications technologies in the logistics processes of the agriculture sector.
- b. Guidelines to improve last-mile logistics efficiency: (i) defining a methodology to measure and characterize logistics performance at the urban-regional level⁵³ (logistics services, technology used); (ii) preparing public policy guidelines to facilitate logistics in urban clusters; and (iii) designing collaborative models to improve logistics efficiency in last-mile operations.

1.25 Component III. Logistics competitiveness and trade facilitation (US\$3.9 million). This component will mainly finance the following activities:

- a. Digital transformation of the supply chain and foreign trade processes:⁵⁴ (i) designing and implementing a technical support and regulatory strategy to increase the use and adoption of 4.0 technologies⁵⁵ in the logistics processes of MSMEs, logistics service providers, and entities involved in foreign trade processes; and (ii) developing a strategy to promote the application of 4.0 technologies to the processes of reverse logistics, circular economy, and e-commerce logistics.
- b. Generation of logistics data:⁵⁶ (i) designing and implementing new functionalities for the [Logistics Portal](#)⁵⁷ (productivity indicators module, logistics corridors operating performance module); (ii) preparing new functionalities for the [ONL](#)⁵⁸ (module to display ENL results, module for analysis and dissemination of time and cost data about foreign trade operations); and (iii) conducting, analyzing, and disseminating the 2022 and 2024 versions of the ENL. The ENL will feature variables to report in a differentiated manner the status of women-run enterprises compared to men-run enterprises.
- c. Optimization of trade facilitation tools and strengthening of foreign trade hubs, contributing to their sustainability (mitigation and adaptation):⁵⁹ (i) designing

⁵² The initial priorities are fruits for export, aquaculture, flowers, cocoa, and brown sugarloaf (panela).

⁵³ In selecting the cities for the diagnostic assessment, factors such as economic growth, productivity, population, and freight flows will be considered.

⁵⁴ Solutions and digital programs to reduce greenhouse gas emissions.

⁵⁵ For example: blockchain, artificial intelligence, internet of things, big data and data analysis, automated machine learning, and cloud computing.

⁵⁶ Solutions and digital programs to reduce greenhouse gas emissions.

⁵⁷ The portal centralizes data generated by the [RND](#), regional logistics partnerships, and strategic logistics corridors.

⁵⁸ The [ONL](#) enables monitoring of the global performance of Colombian logistics and public policy impacts.

⁵⁹ Ibid.

standards and guidelines for the promotion and development of Port Community Systems; (ii) designing a strategic plan for modernization of river border crossings; and (iii) preparing a proposal to manage the interoperability and integration of information systems to facilitate foreign trade processes.⁶⁰

- d. Strategies to strengthen logistics and regulatory competitiveness for internationalization: (i) designing and implementing an action plan to promote the placement of goods and services in global value chains (production capabilities, technology use, trade facilitation regulations), prioritizing the agroindustrial global value chain; (ii) developing a strategy for the simplification, elimination, and validation of nontariff barriers (phytosanitary and sanitary measures, quality standards, etc.); and (iii) designing a monitoring mechanism to fulfill the Trade Facilitation Agreement.

1.26 Component IV. Institutional strengthening and coordination (US\$1.8 million).

This component will mainly finance the following activities: (i) evaluating the management of the [Logistics and Foreign Trade Technical Committee \(CLCE\)](#) for logistics corridor management and the [regional logistics partnerships](#), and preparing a road map to improve their performance and effectiveness in implementing the PNL (paragraphs 3.5–3.7); (ii) preparing a technical document on governance modifications for entities involved in foreign trade operations; (iii) preparing technical and procedural studies to formalize the technical units for logistics at the DNP and the Ministry of Transportation by including them in their respective institutional structures; and (iv) developing and implementing a program for logistics change management and knowledge transfer.

1.27 Management administration, monitoring, and evaluation (US\$1.5 million).

This will finance the teams responsible for the program's technical and operational management (paragraph 3.1), the four audits of annual financial statements, and the Bank-required midterm and final evaluation.

C. Key results indicators

- 1.28 Beneficiaries.** The beneficiaries include: 583,888 companies that use logistics services,⁶¹ 33,220 import companies, 11,700 export companies,⁶² 2,926 transportation and logistics companies (84.1% of the national total)⁶³ based on the 19 departments in the area of influence for the interventions (multimodal strategic corridors), and 26,000 agriculture sector MSMEs. Other beneficiaries will be the ports of Cartagena, Santa Marta, Buenaventura, Barranquilla, and Urabá, which account for 103 million tons in exports (of a total of 131 million tons).⁶⁴ Lastly, 24 national public entities,⁶⁵ in addition to the subnational entities whose technical

⁶⁰ These will be prioritized: Ministry of Commerce, Industry, and Tourism (MinCIT); DIAN; Colombian Agricultural Institute; National Food and Drug Oversight Institute; and DIMAR.

⁶¹ [ENL 2018](#).

⁶² [DIAN, 2019](#).

⁶³ [RNDC](#).

⁶⁴ DIAN Cargo Statistics Annexes, 2020.

⁶⁵ This includes DNP, Ministry of Transportation, MinCIT, DIAN, Colombian Agricultural Institute, National Food and Drug Oversight Institute, DIMAR, National Road Institute, National Infrastructure Agency, Aerocivil, Cormagdalena, Ministry of Agriculture, governor's offices, and mayor's offices.

capacity will be strengthened to implement the PNL. Additional beneficiaries are described in the economic analysis ([optional link 1](#)).

- 1.29 **Expected outcomes.** (i) Increased freight transported using rail and river modes as a share of the country's total, except for coal, and increased outsourcing of specialized logistics services; (ii) increased efficiency of agricultural logistics chains, including last-mile operations; (iii) increased digitalization of the supply chain and shortened processing times for exports and imports; and (iv) increased effectiveness of interagency coordination mechanisms to implement the PNL.
- 1.30 **Expected impact.** (i) Improve logistics efficiency; and (ii) contribute to the post-pandemic economic reactivation.
- 1.31 **Economic evaluation.** A cost-benefit evaluation with a four-year time horizon was conducted for the entire program and by component. For the base case scenario, the operation had a positive net present value of US\$4.55 million and an internal rate of return of 15.29%. Sensitivity analyses were prepared for accelerating benefits and for combining this acceleration and the productivity that the program would provide. Under all the scenarios, results were positive. For the most favorable scenario, the internal rate of return was 29.71%; for the worst, it was 12.41%. The high sensitivity is due to the low value of the investment compared to the high values of the net benefits ([optional link 1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The program will be financed with a specific investment loan, because it will finance a specific project with concrete objectives and interdependent components, which cannot be split up without affecting the nature of the project itself (implementation of the PNL). The program will also finance consulting and nonconsulting services and the procurement of goods (software and hardware) to meet program objectives, thus fulfilling the criteria for the specific investment loan modality.
- 2.2 The disbursement period will be four years. This period is based on: (i) the technical and financial planning conducted by the coexecuting agencies, which will enable them to have the financial, operational, and technical resources to execute the operation during the established period; (ii) the prior experience of the coexecuting agencies with the execution of loan 3130/OC-CO; and (iii) the [Conpes 3982 of 2020](#), which establishes a four-year implementation period for the PNL (2020-2024). Therefore, the operation was designed to align with the national government's schedule and targets.
- 2.3 The investment program's total cost is US\$15,000,000, which will be financed by the Bank from its Ordinary Capital. The consolidated budget appears in Table 2.1. The itemized budget is in the multiyear execution plan and annual work plan ([required link 1](#)). The program's disbursement schedule appears in Table 2.2.

Table 2.1. Estimated program costs (in US\$)⁶⁶

Components	Total	%
Component I. Transportation-based logistics efficiency	5,776,000	38.51
- Reactivation of the rail and river modes	4,736,000	31.57
- Promotion of logistics services and specialized logistics infrastructure	547,000	3.65
- Regulatory strategy for the economic relationships between cargo-transportation system stakeholders	493,000	3.29
Component II. Subnational logistics	1,901,500	12.68
- Technical strengthening of agrologistics chains	997,000	6.65
- Improvement of last-mile logistics efficiency	904,500	6.03
Component III. Logistics competitiveness and trade facilitation	3,931,500	26.21
- Digital transformation of the supply chain and foreign trade processes	996,000	6.64
- Generation of logistics data	1,147,500	7.65
- Optimization of trade facilitation tools and strengthening of foreign trade hubs	788,000	5.25
- Strategies to strengthen logistics and regulatory competitiveness for internationalization	1,000,000	6.67
Component IV. Institutional strengthening and coordination	1,872,000	12.48
Management administration, monitoring, and evaluation	1,519,000	10.13
Total	15,000,000	100.00

Table 2.2. Disbursement schedule (in US\$)

Source/year	2021	2022	2023	2024	Total
Total	1,631,600	2,846,400	5,660,400	4,861,600	15,000,000
%	11	19	38	32	100

B. Environmental and social risks

- 2.4 Pursuant to the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703) and the application of safeguard filters, the program was classified as a category "C" operation since it will not finance civil works that cause negative environmental or social impacts. However, Directive B.4, "Other Risk Factors," was activated, given the potential that future initiatives resulting from this operation might generate socioenvironmental risks.
- 2.5 A low environmental risk was identified regarding the possibility that the strategies and public policies financed under this program not include climate change mitigation elements. To mitigate this risk, the plans are to: (i) conduct

⁶⁶ The amounts for activities within the components are indicative.

public-private presentations on the impact and benefits of promoting environmental sustainability in logistics operations (paragraph 1.26); and (ii) include in the terms of reference for the associated outputs the submission of environmental and climate change considerations for the Bank's no objection.

C. Fiduciary risks

- 2.6 The results of the institutional capacity assessment of the DNP are satisfactory. This agency has extensive experience in the execution of Bank projects. However, the work overload of the fiduciary teams assigned to the large portfolio of operations in execution needs to be mitigated. The institutional capacity assessment of the Ministry of Transportation identified opportunities for improvement. There is a need to strengthen the personnel experienced in the Bank's procurement policies and exclusively dedicated to the operation. Specifically, based on this assessment, a medium risk identified was possible execution delays due mostly to: (i) the work overload of the fiduciary teams assigned to the operation portfolios of the DNP and the Ministry of Transportation; (ii) delays in the preparation/approval of technical inputs because of coordination among the coexecuting agencies and with internal stakeholders; (iii) procedures for program execution that are not duly documented and/or simplified; and (iv) recurring limitations in annual budget appropriations for program execution. To mitigate this risk, the plans are to: (i) strengthen the execution teams with the specialists planned for the execution mechanism; (ii) formalize in the program Operating Regulations the creation of the Planning and Monitoring Committee, to coordinate between the DNP and the Ministry of Transportation; (iii) map and simplify financial management and procurement procedures; and (iv) synchronize the program's planning with the country's budget cycle.

D. Other risks and key issues

- 2.7 **An institutional execution setting.** Two medium-low execution risks were identified related to potential interagency coordination issues with beneficiary and subnational entities when implementing the PNL. To mitigate these, the plans are to: (i) establish interagency work technical committees, formalized in the program Operating Regulations; (ii) include in the planning milestones to monitor the timely meeting of precontractual requirements for which input from beneficiary entities is needed; and (iii) develop and implement road maps to improve the effectiveness of the [CLCE](#) and the [regional logistics partnerships](#).
- 2.8 **Financial sustainability.** Two medium-low program sustainability risks were identified, regarding the inability to: (i) formalize the technical units for logistics at the DNP and the Ministry of Transportation in their respective institutional structures; and (ii) ensure the continuing maintenance of the following information systems: [RNDC](#), [Logistics Portal](#), and [ONL](#). To mitigate these, the plans are to: (i) finance technical studies and preparation of regulations needed to include the technical units for logistics in their respective institutional structures; and (ii) require a program financial sustainability plan from the coexecuting agencies as part of the program completion report.
- 2.9 **Project development.** A medium-low project development risk is resistance to change from public entities in assuming commitments to update technology

and/or from MSMEs in adopting and using information and communications technology. To mitigate this risk, the plans are to: (i) obtain commitments from public entities linked to logistics operations, through the [CLCE](#) (paragraph 3.5); (ii) design and implement an effective change management strategy for adoption of technology solutions; and (iii) provide concurrent technical training to the personnel of entities and companies. These activities will be financed with loan proceeds (paragraph 1.26).

- 2.10 **Execution setting.** A medium-low risk identified for program execution is a change in government officials as a result of the 2022 presidential election. To mitigate this risk, the plan is to implement communication and awareness plans for the public and private sectors on the program's progress and objectives. This will demonstrate the operation's relevance as a strategic pillar for productive sector competitiveness and economic reactivation.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Execution mechanism.** The borrower will be the Republic of Colombia. The coexecuting agencies will be the National Planning Department (DNP), acting through the Sustainable Infrastructure and Energy Division, and the Ministry of Transportation, acting through the Office of the Deputy Minister for Transportation. They will assume responsibility for execution of the program with the Bank. The director of the DNP's Sustainable Infrastructure and Energy Division will provide the technical guidelines for activity execution and ensure that program objectives are achieved. The DNP will strengthen the program execution team (PET), according to the profiles established in the program's Operating Regulations (paragraph 3.9).
- 3.2 The Ministry of Transportation will strengthen the logistics group, according to the profiles established in the program's Operating Regulations (paragraph 3.9). The logistics group's coordinator will be responsible for the execution and the achievement of the operation's objectives. The Office of the Deputy Minister for Transportation will provide the strategic guidelines and conduct general program supervision within the Ministry of Transportation.
- 3.3 Each coexecuting agency will be responsible for executing specific outputs, as assigned in the Results Matrix. In each agency, the execution teams will be responsible for functions including: (i) technical, operational, and financial planning of the outputs under their responsibility and management of the technical requirements for the planned procurement processes; (ii) physical and financial execution; and (iii) program monitoring and evaluation. In addition, a Planning and Monitoring Committee will be established as a mechanism for integrated program coordination, planning, and monitoring. This committee will ensure that the scope, cost, and timelines planned in the loan contract are met. It will also consolidate the program management instruments (multiyear execution plan, annual work plan, and procurement plan). The DNP will be responsible for submitting to the Bank, in a consolidated manner, the program's semiannual progress reports and audited financial statements. The DNP and the Ministry of Transportation have extensive experience managing Bank-financed operations.

They have been coexecuting agencies since 2013, executing operation 3130/OC-CO with satisfactory results with respect to institutional coordination and achievement of objectives.

- 3.4 Lastly, interagency technical committees will be established on an ad hoc basis to work on the technical requirements requiring interagency consultations. Details of the execution mechanism and duties are described in the program Operating Regulations ([optional link 5](#)).
- 3.5 **Coordination mechanisms between public and private sector organizations and national and subnational entities.** The program will use the coordination mechanisms included in the National Logistics Policy (PNL) to ensure the necessary coordination with the various national and subnational entities for the effective implementation of the actions planned for the operation. The first is the [CLCE](#),⁶⁷ which plans, connects, and coordinates sector strategies on trade facilitation, logistics, and transportation between the public and private sectors. The CLCE is made up of the [Thematic Committee for Trade Facilitation](#) and the [Thematic Committee for Modal Efficiency](#). The [Thematic Committee for Trade Facilitation](#) is chaired by the Office of the Deputy Minister for Foreign Trade. Its objective is to coordinate actions between control authorities and public and private stakeholders in order to simplify, harmonize, and streamline foreign trade procedures. The [Thematic Committee for Modal Efficiency](#) is chaired by the Office of the Deputy Minister for Transportation. Its objective is to connect, coordinate, and help implement policies and strategies related to modal efficiency and optimization of urban access routes. This committee coordinates issues regarding subnational logistics and freight transportation.
- 3.6 The second coordination mechanism is [regional logistics partnerships](#).⁶⁸ These partnerships are regional coordination methods to promote logistics facilitation initiatives, ensuring consistency between national and subnational logistics policies. The objectives of [regional logistics partnerships](#) are to: facilitate coordination among stakeholders to improve logistics performance; strengthen regional logistics by promoting good practices; and promote the development and maintenance of logistics infrastructure, considering land-use management. Details of these coordination mechanisms are in the program Operating Regulations ([optional link 5](#)).
- 3.7 **Disbursement.** The Bank will disburse program resources into a special bank account in U.S. dollars at the banking institution selected by the Ministry of Finance, under the name of the operation, for each of the coexecuting agencies. Each coexecuting agency may operate a designated account in Colombian pesos to make payments for the commitments financed under the program. The Bank will disburse loan proceeds in the form of advances of funds for execution of planned activities and procurement processes for periods of up to six months.

⁶⁷ Made up of: MinCIT, Ministry of Transportation, DIAN, DNP (as the technical secretariat), Office of the President of the Republic, ProColombia, Private Competitiveness Council, Confecámaras, and National Business Association of Colombia.

⁶⁸ Main members: Ministry of Transportation, mayor's offices, governor's offices, traffic authorities, chambers of commerce, transportation associations and companies, and logistics operators.

Justification will be provided for the standard 80% of total cumulative balances pending justification.

- 3.8 **Program Operating Regulations.** These will describe the program execution mechanism, the specific duties of the execution teams, and the interagency coordination mechanisms included in the PNL. It will also describe the internal procedures and processes of the DNP and the Ministry of Transportation and their implementation, monitoring, and administration mechanisms. Any amendments to the program Operating Regulations will require the Bank's no objection. The program Operating Regulations are attached to this loan proposal ([optional link 5](#)).
- 3.9 **Special contractual conditions precedent to the first disbursement of the loan. As conditions precedent to the first disbursement, the coexecuting agencies will submit, to the Bank's satisfaction, evidence of: (i) the formal designation of the basic PET by the DNP and the logistics group by the Ministry of Transportation, based on the qualifications established in the program Operating Regulations. These teams will include: a technical coordinator; an operations, planning, and monitoring coordinator; a procurement specialist (for procurement support in the case of the Ministry of Transportation); and a financial specialist; (ii) the establishment of a Planning and Monitoring Committee based on the guidelines of the program Operating Regulations; and (iii) the approval of the program Operating Regulations under the terms previously agreed upon with the Bank ([optional link 5](#)).** These conditions are considered essential to ensure that the coexecuting agencies are prepared to begin program execution, with the basic personnel necessary in each execution team, the formalization of the integrated program planning committee, and program Operating Regulations detailing the program's operational and coordination elements.
- 3.10 **Procurement.** The Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), or their updates, will apply. The procurement plan ([required link 3](#)) lists the planned procurement processes.
- 3.11 **Retroactive recognition of expenditures.** The Bank may retroactively finance, from the loan proceeds, eligible expenditures incurred by the borrower prior to the loan approval date for up to US\$3,000,000 (20% of the proposed loan amount), provided that they satisfied requirements substantially similar to those established in the loan contract. These expenditures will be to contract technical and operational personnel for the PET of the DNP and the logistics group of the Ministry of Transportation, and to cover expenses for these team's outfitting and operations. Such expenditures will have been incurred on or after 23 September 2020 (project profile approval date), but in no case may they include expenditures made more than 18 months prior to the loan approval date.
- 3.12 **Audits.** The audit will be conducted by an external audit firm, contracted with loan proceeds, based on the terms of reference and request for proposals that received the Bank's no objection. During execution, the audited financial statements will be submitted to the Bank annually, within 120 days following the closing date of each fiscal year or the date of the last current disbursement.

B. Summary of arrangements for monitoring results

- 3.13 **Monitoring and supervision.** This will be based on: (i) multiyear execution plan and annual work plan ([required link 1](#)); (ii) procurement plan ([required link 3](#)); (iii) Results Matrix; and (iv) monitoring and evaluation plan ([required link 2](#)). The execution teams will submit semiannual progress reports based on the Bank's Project Monitoring Report methodology. These will document the progress in achieving the agreed-upon outcome and output indicators of the Results Matrix (Annex II).
- 3.14 **Evaluation.** The execution teams will conduct a midterm evaluation, within 90 days after the first 24 months of execution or when disbursement has reached 60% of the total, whichever occurs first. The final evaluation will be prepared and submitted to the Bank within 90 days after the date on which 95% of the loan proceeds have been disbursed. The specific objectives of the evaluations will be described in the program Operating Regulations.
- 3.15 The impact evaluation will be based on national logistics costs as a percentage of sales, which consolidates the impact of all program components. The synthetic control method will be used to compare with other countries that have similar growth rates for tons transported and foreign trade increases.

Development Effectiveness Matrix		
Summary		CO-L1263
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Productivity and Innovation</div> <div>-Economic Integration</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Jobs supported (#)</div> <div>-Enterprises provided with technical assistance (#)</div> <div>-Amount of international trade supported (\$)</div> <div>-Regional integration agreements and cooperation initiatives supported (#)</div> <div>-Agencies with strengthened digital technology and managerial capacity (#)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2972	Aumento de la productividad (1.21)
Country Program Results Matrix	-	The intervention is included in the 2021 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
3. Evidence-based Assessment & Solution		10.0
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	<div>Financial Management: Budget, Treasury, Accounting and Reporting.</div> <div>Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.</div>
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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		

Evaluability Assessment Note: Operation CO-L1263, for an amount of US\$15,000,000, has the general objective of improving logistics efficiency and contributing to the post-pandemic economic reactivation, through the implementation of the new National Logistics Policy (PNL in Spanish). The specific objectives are (i) to promote the participation of the rail and river modes and the use of specialized logistics services; (ii) increase the efficiency of agricultural logistics chains, including first and last-mile logistics operations; (iii) promote the digitization of the supply chain and reduce time in foreign trade processes; and (iv) strengthen the governance of the logistics sector.

The loan proposal presents an adequate diagnosis of the problem and is clear in indicating how the proposal adheres to the efforts of the Colombian government articulated in the National Logistics Plan. The proposed solutions are appropriate to respond to the problems identified in the implementation of NLP. The results matrix is congruent with the vertical logic of the project, presenting adequate indicators at the level of outcomes and impacts. Outcome indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. The impact indicators reflect the contribution to the economic objectives (reduction of the national logistics cost as a percentage of sales and reduction of the unemployment rate in the transport and storage sector) at the end of the operation.

The economic evaluation shows that the operation is efficient with an Internal Rate of Return (IRR) of 15.29% (using a discount rate of 12%). In a context of uncertainty, the analysis considers the benefits of accelerating the implementation of flagship projects in the context of NLP, while the costs are those associated with the implementation of the operation.

The monitoring and evaluation plan proposes to carry out a reflective analysis of the outcome indicators included in the result matrix, complemented by a review of the theory of change, an updated review of international evidence and qualitative studies, and with an impact evaluation with synthetic control for the impact indicator. Monitoring and evaluation activities will be carried out by the executing agencies, the National Planning Directorate, and the Ministry of Transportation, in coordination with the Bank.

RESULTS MATRIX

Program objective	<p>The specific objectives are to: (i) increase the share of rail and river transportation modes and the use of specialized logistics services; (ii) increase the efficiency of agricultural logistics chains, including first- and last-mile logistics operations; (iii) foster the supply chains' digitalization and shorten processing times for foreign trade; and (iv) strengthen logistics sector governance.</p> <p>Achieving these objectives will support the general objective of improving logistics efficiency and contributing to the post-pandemic economic reactivation by implementing the new National Logistics Policy (PNL).</p>
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GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline	Baseline year	Target	Expected year achieved	Means of verification	Comments
General development objective: Improve logistics efficiency and contribute to the post-pandemic economic reactivation by implementing the new PNL.							
Indicator 1: Reduced national logistics costs as a percentage of sales	%	0	2019	6.7	2023	National Logistics Survey (ENL), National Planning Department (DNP)	<p>The indicator was obtained by dividing the total logistics costs by the total sales, based on the ENL.¹</p> <p>Although the baseline is expressed as "0," it will be the logistics costs for the ENL 2020 (pending publication), which used 2019 as the benchmark year for data. Baselines and targets will be updated during the eligibility period + 60 days. Similarly, the target will be measured against estimated logistics costs for the ENL 2024, which will use 2023 as the benchmark year for data. This applies to all impact and outcome indicators that have the ENL as the means of verification.</p> <p>Target: This is projected assuming annual sales growth of 3% as of 2018 and an expected average annual decrease of 0.18% in total logistics costs. This model was projected for 2030. Logistics costs are expected to decrease to 9.5%, putting Colombia on a par with the levels for OECD countries (8%-10%).</p>

¹ The ENL is a probabilistic, stratified, three-stage survey to obtain descriptive data on the country's logistics. It is conducted every two years. The ENL 2020 sample will include 3,344 surveys, representing 1,260,046 companies in the commerce, industry, construction, transportation and storage, mining, and agriculture sectors.

Indicators	Unit of measure	Baseline	Baseline year	Target	Expected year achieved	Means of verification	Comments
							Target: Reduction of 6.7% versus the baseline. Target calculation: $(1 - (\text{Indicator (2023)} / \text{Baseline indicator (2019)})) \times 100$
Indicator 2: Reduced unemployment rate for the transportation and storage sector	%	21.2	2020-Q2	17.0	2024-Q2	National Administrative Statistics Department	The indicator was obtained by dividing the total unemployed population for the “transportation and storage” activity by the total economically active population. The latter number was obtained by adding the total unemployed population and the total employed population for this activity. Target: From 2020-Q3 to 2021-Q4, projected unemployment was based on the reduction rate estimated by the OECD . Between January 2022 and June 2024, the planned quarterly unemployment decrease is 0.166%. This is equivalent to the estimated average unemployment decrease rate for the 2020-Q4 to 2021-Q2 period.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline	Baseline year	Year 4 (2024)	End of operation	Means of verification	Comments
Specific development objective 1: Increase the share of rail and river transportation modes and the use of specialized logistics services							
Indicator 1: Increased freight transported using rail and river modes as a share of the country's total, except for coal	%	1.952	2019	2.095	2.095	National Freight Shipping Registry (RNDC); Logistics Portal	The indicator was calculated by adding the tons transported monthly through rail and river modes in 2019, except for coal. The target was calculated based on the percentage variation between 2018 (rail 0.01%, river 2.03%) and 2019 (rail 0.04%, river 1.92%), estimating exponential growth by 2024. The percentage variation for the aggregated indicator between 2018 and 2019 was -0.09%, due to a decrease in the recorded numbers for river transportation. Sources: <ul style="list-style-type: none"> Road mode: Projected tons moved based on the RNDC, 2013 origin-destination survey, and GDP growth. River and rail: Information reported by the

Indicators	Unit of measure	Baseline	Baseline year	Year 4 (2024)	End of operation	Means of verification	Comments
							National Infrastructure Agency and the Ministry of Transportation's river inspections, consolidated in the Logistics Portal.
Indicator 2: Increased share of logistics service user companies ² outsourcing a logistics service	%	0	2019	4.2	4.2	ENL, DNP	<p>The indicator was obtained by dividing the number of companies outsourcing a logistics service by the total logistics service user companies.</p> <p>To determine the target, the average outsourcing level for the countries in the region (90%) according to the Latin American Logistics Association was considered. The proposal is to achieve by 2030 the average outsourcing level of Mexico (72%), due to the similarities of the logistics plans implemented in both countries. This would increase the indicator an average of 0.6% per year.</p> <p>Target: Increase of 4.2% versus the baseline.</p> <p>Target calculation: ((Target percentage (2023)/Baseline percentage (2019)) - 1)*100</p>
Specific development objective 2: Increase the efficiency of agricultural logistics chains							
Indicator 1: Increased percentage of logistics service user companies in the agriculture sector outsourcing logistics services	%	0	2019	3.1	3.1	ENL, DNP	<p>The agriculture sector companies represented that outsource a logistics activity divided by the total agriculture sector companies.</p> <p>Annual average growth from the baseline was estimated at 0.6%, to be consistent with the previous indicator's structure.</p> <p>Target: Increase of 3.1% versus the baseline.</p> <p>Target calculation: ((Target percentage (2023)/Baseline percentage (2019)) - 1)*100</p>
Indicator 2: Increased percentage of agriculture sector companies using information and communications technology for their logistics processes	%	0	2019	6	6	ENL, DNP	<p>The agriculture sector companies represented that use an information and communications technology divided by the total agriculture sector companies.</p> <p>The target set was annual average growth of 0.5%, based on the information on advanced digital technology adoption in Colombia from the Digital Economy Observatory.</p>

² Companies in various sectors of the country's economy that need logistics resources and services to conduct their commercial or productive activities.

Indicators	Unit of measure	Baseline	Baseline year	Year 4 (2024)	End of operation	Means of verification	Comments
							Target: Increase of 6% versus the baseline. Target calculation: ((Target percentage (2023)/Baseline percentage (2019)) - 1)*100
Specific development objective 3: Increase the supply chain's digitalization and shorten processing times for foreign trade							
Indicator 1: Micro, small, and medium-sized enterprises (MSMEs) using information and communications technology for their logistics processes	%	0	2019	7.2	7.2	ENL, DNP	The total MSMEs represented that use an information and communications technology divided by the total number of MSMEs. The target set was annual average growth of 0.5%, based on information from the Digital Economy Observatory . Target: Increase of 7.2% versus the baseline. Target calculation: ((Target percentage (2023)/Baseline percentage (2019)) - 1)*100
Indicator 2: Initial average time (hours) for imports delivered to the marine terminal warehouse	Hours	206.7	2019	197.3	197.3	National Tax and Customs Directorate (DIAN)	The baseline is from the DIAN's 2019 time study. The target will be verified based on the time measured for 2024. The target was set according to the decrease between 2018 and 2019, where a 10% time improvement was achieved. A conservative target of 5% versus the baseline was set for 2024, because the program's activities will contribute to this indicator during an economic reactivation period. This was aligned with the estimated growth for exports.
Indicator 3: Average time (hours) for exports between submission of the shipping authorization request and the loading of goods at the marine terminal	Hours	150.7	2019	143.1	143.1	DIAN	The target was set according to the decrease between 2018 and 2019, where a 5% time improvement was achieved. A conservative target of 5% versus the baseline was set for 2024, because of the contribution of program activities to this indicator.
Specific development objective 4: Strengthen logistics sector governance							
Indicator 1: Meet commitments established by the Logistics and Foreign Trade Technical Committee (CLCE)	%	51	2019	61	61	CLCE commitment matrix	A commitment matrix is prepared for every session of the CLCE. The technical secretariat, under the DNP's responsibility, monitors the commitments made and establishes the percentage of commitments met. The indicator is defined as the percentage of commitments met in the current period from those recorded during the same period, added to the commitments recorded for the

Indicators	Unit of measure	Baseline	Baseline year	Year 4 (2024)	End of operation	Means of verification	Comments
							previous period with a projected achievement date within the current period. The target is an increase of 10 percentage points.

OUTPUTS

Outputs	Executing agency	Unit of measure	Base-line	Base-line year	Year 1 (2021)	Year 2 (2022)	Year 3 (2023)	Year 4 (2024)	End of operation	Means of verification	Comments
Component I: Transportation-based logistics efficiency											
Output 1: Designed and implemented strategy to promote rail and river transportation modes	Ministry of Transportation	Number	0	2019	0	0	1	0	1	Logistics group report	Includes preparing regulations, incentives, technical regulations, and training plan. Fulfillment will be verified with an internal report submitted by the logistics group of the Ministry of Transportation, describing in detail all the activities performed and regulations issued to implement the strategy. This verification applies to all outputs under the Ministry of Transportation's responsibility.
Output 2: Designed and disseminated strategy to promote multimodal transportation	Ministry of Transportation	Number	0	2019	0	0	0	1	1		Includes preparing regulations, incentives, and transportation models.
Output 3: Designed and implemented strategic plans to improve the operating efficiency of the rail, river, and sea transportation modes	DNP	Number	0	2019	0	0	1	2	3	Program execution team (PET) report	Includes the design and implementation of one plan per transportation mode: rail, river, and maritime. Fulfillment will be verified with an internal report submitted by the PET of the DNP, describing the activities performed to prepare and implement these plans. This verification applies to all outputs under the DNP's responsibility.

Outputs	Executing agency	Unit of measure	Base-line	Base-line year	Year 1 (2021)	Year 2 (2022)	Year 3 (2023)	Year 4 (2024)	End of operation	Means of verification	Comments
Output 4: Prepared and disseminated strategic plan to promote and develop logistics services and specialized logistics infrastructure:	Ministry of Transportation	Number	0	2019	0	0	1	0	1	Logistics group report	
Output 5: Developed and implemented the functionalities of the RNDC System	Ministry of Transportation	Number	0	2019	1	1	1	1	4		This includes: (i) mobile application; (ii) verification mechanism for the report of the fees paid; (iii) receipt of information on tolls and scales; and (iv) receipt of georeferenced data on freight origins and destinations.
Output 6: Prepared and disseminated proposals for regulatory modifications to foster legality and formality in the transportation sector	Ministry of Transportation	Number	0	2019	1	1	0	1	3		Regulations will be updated for purposes that include: (i) authorizing cargo transportation companies; (ii) establishing information-system interoperability; and (iii) reporting information about the sector's economic relationships.
Component II: Subnational logistics											
Output 1: Prepared and disseminated action plan for the technical strengthening of agrologistics chains	DNP	Number	0	2019	0	0	0	1	1	PET report	
Output 2: Prepared and disseminated public policy document to improve last-mile logistics efficiency	DNP	Number	0	2019	0	0	0	1	1		

Outputs	Executing agency	Unit of measure	Base-line	Base-line year	Year 1 (2021)	Year 2 (2022)	Year 3 (2023)	Year 4 (2024)	End of operation	Means of verification	Comments
Component III: Logistics competitiveness and trade facilitation											
Output 1: Designed strategic plans to promote the use and extensive implementation of 4.0 technologies in supply chains and foreign trade processes	DNP	Number	0	2019	0	0	2	2	4	PET report	This includes the design and implementation of strategic plans for: (i) logistics services companies and/or MSMEs; and (ii) trade facilitation processes by 2023. For 2024, plans will be designed for: (iii) reverse logistics and circular economy processes; and (iv) e-commerce.
Output 2: Developed and implemented functionalities for the Logistics Portal	Ministry of Transportation	Number	0	2019	1	1	1	0	3	Logistics group report	This includes a module to: (i) display information on volume, trips, costs, and times; (ii) indicators of productivity, logistics efficiency, and security in cargo transportation; and (iii) operational performance in logistics corridors.
Output 3: Developed and implemented the functionalities of the National Logistics Observatory (ONL)	DNP	Number	0	2019	0	1	1	1	3	PET report	This includes: (i) last-mile module; (ii) ENL; and (iii) display national transportation data.
Output 4: Conducted and disseminated the ENL (including data disaggregated by gender for the first time)	DNP	Number	0	2019	0	1	0	1	2	ENL publication documents	
Output 5: Designed interoperable trade facilitation tools	DNP	Number	0	2019	0	1	1	1	3		This includes: (i) design a Port Community System model by 2022; (ii) river border crossings by 2023; and (iii) interoperability of the information systems of foreign trade entities by 2023. The last output will have technical support for its implementation.

Outputs	Executing agency	Unit of measure	Base-line	Base-line year	Year 1 (2021)	Year 2 (2022)	Year 3 (2023)	Year 4 (2024)	End of operation	Means of verification	Comments
Output 6: Developed strategies to strengthen logistics and regulatory competitiveness for internationalization	DNP	Number	0	2019	0	1	2	1	4		This includes: (i) action plan for global value chains; (ii) simplification of nontariff barriers; (iii) strategy to promote e-commerce; and (iv) mechanism to monitor the Trade Facilitation Agreement.
Component IV: Institutional strengthening and coordination											
Output 1: Developed and disseminated road maps to improve the effectiveness of regional logistics partnerships	Ministry of Transportation	Number	0	2019	0	0	3	0	3	Logistics group report	Three road maps will be developed for the regional logistics partnerships, depending on their maturity level.
Output 2: Issued and implemented regulations to formalize the Ministry of Transportation's technical unit	Ministry of Transportation	Number	0	2019	0	0	0	1	1		This includes preparing technical support documents and a proposal to modify the duties and structure for decrees in effect, to formalize the technical unit.
Output 3: Prepared and disseminated road maps to improve the effectiveness of interagency coordination mechanisms for logistics	DNP	Number	0	2019	0	0	1	1	2	PET report	This includes: (i) evaluating the CLCE; and (ii) designing governance modifications for foreign trade entities.
Output 4: Issued and implemented regulations to formalize the DNP's technical unit for logistics	DNP	Number	0	2019	0	0	0	1	1		

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Colombia

División: TIN

Operation number: CO-L1263

Year: 2020

Coexecuting agencies: National Planning Department (DNP) and Ministry of Transportation

Project name: Program to Support Implementation of the New National Logistics Policy

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation. (Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of validation by the Bank.)

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	
<input checked="" type="checkbox"/> Treasury		<input checked="" type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Advanced NCB
<input checked="" type="checkbox"/> Accounting		<input checked="" type="checkbox"/> Individual consultants	

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Coexecuting / Subexecuting agencies	<p>The DNP, acting through the Sustainable Infrastructure and Energy Division, and the Ministry of Transportation, acting through the Office of the Deputy Minister for Transportation, will be coexecuting agencies and assume technical and fiduciary responsibility for the program with the Bank. The director of the Sustainable Infrastructure and Energy Division will act as program director for the DNP and will be responsible for providing the technical guidelines for activity execution and ensuring that program objectives are achieved. To support this work, a program execution team (PET) will be established, made up of: (i) a technical coordinator; (ii) an operations, planning, and monitoring coordinator; (iii) two procurement specialists, one on a part-time basis; (iv) a part-time financial specialist; and technical management from the Technical Unit for Logistics Execution.</p> <p>The Ministry of Transportation will execute the outputs under its responsibility acting through the logistics group, made up of: (i) a technical coordinator; (ii) an operations, planning, and monitoring coordinator; (iii) a procurement assistant; and (iv) a financial specialist. The logistics group coordinator will act as program director, ensuring the execution and achievement of targets for the assigned program outputs. The Deputy Minister for Transportation will provide the strategic guidelines and conduct general program supervision in the Ministry of Transportation.</p>
<input checked="" type="checkbox"/>	Fiduciary execution specifics	The DNP will be responsible for submitting to the Bank, in a consolidated manner, the program's audited financial statements.

3. Fiduciary capacity

Fiduciary capacity of the coexecuting agencies	<p>The results of the fiduciary capacity assessment of the DNP were satisfactory. This agency has experience applying Bank policies. However, it lacks enough personnel to take on the tasks of managing program procurement. This is due to the work overload of the fiduciary teams (procurement and financial), which are assigned to the large portfolio of operations in execution at the DNP.</p> <p>The Multilateral Banking Team (EBM) of the Finance Branch will assume responsibility for the financial management and has a dedicated team to manage the finances of externally financed projects. The EBM has extensive experience with IDB projects and will be supplemented with a part-time financial specialist to take on the additional workload.</p> <p>The results of the fiduciary capacity assessment of the Ministry of Transportation identified opportunities for improvement. There is a need to strengthen the personnel experienced in the Bank's procurement policies and exclusively dedicated to the operation. The Administration and Finance Branch and the logistics group will share responsibility for the program's financial management. The personnel has experience applying Bank policies. However, they need strengthening to ensure that the needs of the new operation receive proper attention. The Ministry of Transportation lacks documented procedures in the budgetary, accounting, and treasury areas; the respective procedure manuals are being developed.</p>
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4. Fiduciary risks and mitigation actions

Area(s)	Mitigation measures and/or strengthening actions	Responsible party	Period
Capacity and number of fiduciary personnel available to work on the new operation	Contract the identified personnel for both entities, under competitive conditions	DNP and Ministry of Transportation	First quarter of execution
Delays in the preparation/approval of technical inputs that might delay the execution	Formalize in the program Operating Regulations the creation of the Planning and Monitoring Committee, to coordinate between the DNP and the Ministry of Transportation	DNP and Ministry of Transportation	First quarter of execution
Financial management processes and procedures	Map, simplify, and improve financial management and procurement procedures, including deadlines and responsible parties, considering the program's needs.	Ministry of Transportation	First quarter of execution
Financial planning and budgetary processes	Support the planning of cash flow and disbursements, and the budget allocations required for the operation in operational and procurement planning. Synchronize the program's planning with the country's budget cycle.	DNP and Ministry of Transportation	Annual, to 30 April of the year prior to execution

5. **Policies and guidelines applicable to the operation.** Financial management: document GN-2811-1 (OP-273-12). Procurement management: document GN-2349-15 for procurement of works, goods, and nonconsulting services; and document GN-2350-15 for the selection and contracting of consultants.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

As conditions precedent to the first disbursement, the coexecuting agencies will submit, to the Bank's satisfaction, evidence of: (i) the formal designation of the basic PET by the DNP and the logistics group by the Ministry of Transportation, based on the qualifications established in the program Operating Regulations. These teams will include: a technical coordinator; an operations, planning, and monitoring coordinator; a procurement specialist (for procurement support in the case of the Ministry of Transportation); and a financial specialist; (ii) the establishment of a Planning and Monitoring Committee based on the guidelines of the program Operating Regulations; and (iii) the approval of the program Operating Regulations under the terms previously agreed upon with the Bank.

For justification of expenditures, the exchange rate used will be the one in effect when the proceeds disbursed were converted from U.S. dollars to Colombian pesos.

The DNP will commission an external audit and submit the program's audited financial statements annually.

The coexecuting agencies will create the subexecuting units and the budget categories for program resources in the National Integrated Financial Information System (SIIF) 2, to automatically generate the financial reports that the Bank requires. These will be based on the classification by component and/or the resource investment and distribution categories defined in the "cost and financing" table of the loan contract.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	The procurement of works, goods, and nonconsulting services conducted pursuant to the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB) will be executed using the Bank's standard bidding documents or those agreed to by the coexecuting agencies and the Bank for a specific procurement process. The selection and contracting of consulting services will be conducted pursuant to the policies for the selection of consultants (document GN-2350-15), using the standard request for proposals issued by the Bank or agreed to by the coexecuting agencies and the Bank for a specific selection. The program sector specialist is responsible for reviewing the technical specifications and the terms of reference for procurement during the preparation of selection processes.
<input checked="" type="checkbox"/>	Use of country systems.	The Bank-approved country system, Colombia's Public Procurement and Contracting System (SCCPC), may be used for: (i) public works contracts for amounts below the threshold set by the Bank for application of the ICB method for works; (ii) goods and nonconsulting services contracts for amounts below the threshold set by the Bank for application of the ICB method; (iii) consulting services contracts for amounts below the threshold set by the Bank for application of the international shortlist method for the selection of consulting firms; and (iv) contracts with individual consultants.
<input checked="" type="checkbox"/>	Advance procurement and retroactive financing	The Bank may retroactively finance from the loan proceeds up to 20% of the proposed loan amount for eligible expenditures incurred by the borrower prior to the loan approval date to finance the technical and operational teams for the program to ensure the continuity of the logistics policy's implementation, provided that they meet requirements substantially similar to those established in the loan contract. Such expenditures will have been incurred on or after 23 September 2020 (program profile approval date), but in no case may they include expenditures made more than 18 months prior to the loan approval date.

☑	Procurement supervision	<p>Procurement processes will be supervised on an ex post basis except in cases in which ex ante supervision is warranted. When procurement takes place through the country system, supervision will always be performed through the country's national supervision system. The method, (i) ex ante, (ii) ex post, or (iii) national supervision system, will be determined for each selection process. Ex post reviews will be performed every 12 months in accordance with the program supervision plan. The threshold amounts for ex post are:</p> <table border="1" data-bbox="526 464 1382 552"> <tr> <th>Works</th><th>Goods and services</th><th>Consulting services</th></tr> <tr> <td>US\$10,000,000</td><td>US\$1,000,000</td><td>US\$500,000</td></tr> </table>	Works	Goods and services	Consulting services	US\$10,000,000	US\$1,000,000	US\$500,000
Works	Goods and services	Consulting services						
US\$10,000,000	US\$1,000,000	US\$500,000						
☑	Records and files	<p>The DNP maintains filing systems that include complete and orderly documentation on the procurement processes for all precontract and contract stages. Documents are retained for 20 years, based on filing rules. The DNP's documents are in the Central Archive (library and records section).</p> <p>The Ministry of Transportation has an adequate filing system for the program's document management.</p>						

To access the 18-month procurement plan, see [required link 3](#).

Other relevant information for the operation (BI)

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

☑	Programming and budget	<p>To minimize the risk of delays in execution of operational and procurement planning, both the EBM of the DNP and the logistics group of the Ministry of Transportation will use the annual work plan (required link 1), the procurement plan (required link 3), and the program's cash-flow programming as inputs and supports to request the applicable budget allocations. They will coordinate the request through the point of contact in the institutional financial areas and will follow the country's budget calendar. Loan proceeds will be included in the national budget under the Ministry of Transportation and the DNP, and budget execution will be controlled through the SIIF.</p>
☑	Treasury and disbursement management	<p>The program's cash-flow programming will be consistent with the annual work plan (required link 1) and the procurement plan (required link 3), which will have the Bank's no objection. They will cover a rolling period of at least 12 months. The disbursement mechanism will be electronic, through the Online Disbursement System. The preferred disbursement method will be advance of funds. In general, the operation will work with a six-month financial justification period for advances. Justification will be provided for the standard 80% of total cumulative balances pending justification. A special bank account in U.S. dollars will be set up at the banking institution selected by the Ministry of Finance, under the name of the operation, for each of the coexecuting agencies and for the exclusive management of program resources. Each coexecuting agency may operate a designated account in Colombian pesos to make payments to the program's contractors and suppliers. The currency for management of the operation is the U.S. dollar. The exchange rate used for the operation will be the rate in effect on the date of conversion of the currency of approval or disbursement into the local currency.</p>
☑	Accounting, information systems, and reporting	<p>The coexecuting agencies will use the SIIF accounting module for the program's accounting records. Accounting entries will follow the accrual accounting method pursuant to the Colombian government's accounting regulations. The special-purpose financial statements for the program that the Bank requires (statement</p>

		of cumulative investments, statement of cash received and disbursements made) will be prepared on a cash accounting basis and generated automatically directly from the SIIF. The DNP will prepare consolidated program financial statements with the accounting information that the Ministry of Transportation enters into the same system. Each entity will be responsible for signing partial financial statements. The EBM of the DNP and the logistics group of the Ministry of Transportation will be the main parties responsible for the program's financial and accounting management. However, they will receive support and work in a joint and coordinated manner with applicable institutional areas in each coexecuting agency in discharging their duties. The program Operating Regulations (optional link 5), which describe workflows and internal controls, will be used to supplement the policies and guidelines applicable to the operation.
<input checked="" type="checkbox"/>	Internal control and internal audit	The coexecuting agencies have implemented and are using the Standard Model of Internal Control MECI 1000:2014 for Colombia's government entities. This is based on the worldwide standard of the Committee of Sponsoring Organizations of the Treadway Commission and the principles of self-regulation, self-management, self-control, and continuous improvement. It is recommended that the internal control offices of each entity provide advice and support for the various program execution processes and include in their annual programming specific audits for the operation's execution.
<input checked="" type="checkbox"/>	External control: external financial audit and program reports	The DNP will select and contract external audit services pursuant to the terms of reference previously agreed upon by the coexecuting agency and the Bank. These will establish the type of review, timing, and scope of the audit to be conducted. The external auditor selected and the audit standards applied will be acceptable to the Bank. Based on the nature and risk of the operation, a special-purpose financial audit prepared by an eligible firm will be required. This may be adjusted throughout the lifetime of the operation depending on the Bank's monitoring results. The type of audited financial statement required to meet the financial information needs for the program's external audit is an annual audited financial statement with an annual cut-off date of 31 December and a submission deadline to the Bank within 120 days of the closing date. If during the execution period, the Comptroller General of the Republic becomes eligible to audit Bank-financed projects, it may be considered to audit this operation.
<input checked="" type="checkbox"/>	Financial supervision	The Bank's financial specialist will at a minimum perform one annual on-site review and desk reviews of the audited financial statements. The auditor will verify that resources are executed in accordance with the Bank's fiduciary standards and policies and the conditions stipulated in the program Operating Regulations (optional link 5). Fiduciary supervision visits for financial management will include verification of the financial arrangements used for program administration and monitoring of the implementation of the independent auditor's recommendations, if applicable.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

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

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 the Program to Support Implementation of the New National Logistics Policy. Such financing will be for the amount of up to US\$15,000,000 from the resources of the Bank's Ordinary Capital, 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 ____ 2021)