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Report No: PAD3786

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$100 MILLION

WITH THE GLOBAL CONCESSIONAL FINANCING FACILITY SUPPORT

IN THE AMOUNT OF US\$21.7 MILLION

AND A GRANT FROM THE IBRD FUND FOR INNOVATIVE GLOBAL PUBLIC GOODS SOLUTIONS

IN THE AMOUNT OF US\$15 MILLION

TO THE

REPUBLIC OF COLOMBIA

FOR A

RESILIENT AND INCLUSIVE HOUSING PROJECT

(PROGRAMA DE VIVIENDA RESILIENTE E INCLUYENTE EN COLOMBIA)

May 3, 2021

Urban, Resilience, and Land Global Practice  
Latin America and the Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective April 21, 2021)

Currency Unit = Colombian Pesos (COL\$)

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COL\$3,700 = US\$1

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US\$0.00027 = COL\$1

## FISCAL YEAR

January 1 – December 31

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## ABBREVIATIONS AND ACRONYMS

AP	Approach Paper
CDVD	<i>Casa Digna, Vida Digna</i> (Home and Neighborhood Improvement)
CONPES	<i>Consejo Nacional de Política Económica y Social</i>
CPF	Country Partnership Framework
DA	Designated Account
DANE	<i>Departamento Administrativo Nacional Estadístico</i> (National Statistical Administrative Department)
DEUT	<i>Dirección de Espacio Urbano y Territorial</i> (Department of Urban and Territorial Space)
DFIL	Disbursement and Financial Information Letter
DPF	Development Policy Financing
DPL	Development Policy Lending
DRM	Disaster Risk Management
DVR	<i>Dirección de Vivienda Rural</i> (Department of Rural Housing)
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
FM	Financial Management
FMA	Financial Management Assessment
Fonvivienda	<i>Fondo Nacional de Vivienda</i> (National Housing Fund)
GCCF	Global Concessional Financing Facility
GDP	Gross Domestic Product
GEIH	<i>Gran Encuesta Integrada de Hogares</i> (Integrated Household Survey)
GoC	Government of Colombia
GPG	IBRD Fund for Innovative Global Public Goods Solutions
GRM	Grievance Redress Mechanism
HVI	Household Vulnerability Index
IFC	International Finance Corporation
IFR	Interim Financial Report
IPF	Investment Project Financing
MEI	Municipality Eligibility Index
MIB	<i>Programa de Mejoramiento Integral de Barrios</i> (Neighborhood Improvement Program)
MIGA	Multilateral Investment Guarantee Agency
MVCT	<i>Ministerio de Vivienda, Ciudad y Territorio</i> (Ministry of Housing, City, and Territory)
MW	Monthly Minimum Wages
M&E	Monitoring and Evaluation
NDP	National Development Plan
PAD	Project Appraisal Document
PDET	<i>Programas de Desarrollo con Enfoque Territorial</i> (Territorial-focused Development Programs)
PDO	Project Development Objective
PIU	Project Implementation Unit
PLR	Performance and Learning Review
PPSD	Project Procurement Strategy for Development

POT	<i>Plan de Ordenamiento Territorial</i> (Land Use Plan)
SDP	<i>Semillero de Propietarios</i> (Rental Subsidy Program)
SEP	Stakeholder Engagement Plan
SFV	<i>Subsidio familiar de Vivienda</i> (Family Housing Subsidy)
SIIF	<i>Sistema Integrado de Información Financiera</i> (Financial Management Information System)
SISBEN	<i>Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales</i> (Potential Beneficiary Identification System)
SMEs	Small and Medium Enterprises
STEP	Systematic Tracking of Exchanges in Procurement
ToR	Terms of Reference
UPZ	<i>Unidades de Planeamiento Zonal</i>
WBG	World Bank Group



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Colombia	Colombia: Resilient and Inclusive Housing Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P172535	Investment Project Financing	Moderate

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
27-May-2021	24-Jul-2026

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

To improve the quality of housing and public space for vulnerable households, including migrants from Venezuela, in selected municipalities.

**Components**

Component Name	Cost (US\$, millions)
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Improve Homes and Neighborhoods for Low-Income Households	112.10
Institutional Strengthening to Improve Homes and Neighborhoods	13.50
Project Management	11.10

**Organizations**

Borrower: Republic of Colombia  
 Implementing Agency: Ministry of Housing, City and Territory (MVCT)

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	136.70
<b>Total Financing</b>	136.70
<b>of which IBRD/IDA</b>	100.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	100.00
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**Non-World Bank Group Financing**

Trust Funds	36.70
Concessional Financing Facility	21.70
IBRD Fund for Innovative GPG Solutions	15.00

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2021	2022	2023	2024	2025	2026	2027
<b>Annual</b>	0.00	18.30	36.52	30.10	16.24	15.22	20.32
<b>Cumulative</b>	0.00	18.30	54.82	84.92	101.16	116.38	136.70



**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Urban, Resilience and Land

**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● Low
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Low
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Low
9. Other	● Moderate
10. Overall	● Moderate

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No





**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

Sections and Description

MVCT, shall no later than six months after the Effective Date, establish and maintain thereafter, a Project Implementation Unit (PIU) with core staffing, functions and resources, as set forth in the Operational Manual. Schedule 2, Section I.A.1 of the Financing Agreement / Schedule 2, Section I.A.1 of the Grant Agreement.

Sections and Description

MVCT through Fonvivienda, shall carry out Component 1.1 and 1.2(b) of the Project, as applicable, under terms and conditions acceptable to the Bank and set forth in the Operational Manual, and in compliance with the Anti-Corruption Guidelines, the Operational Manual, the environmental and social requirements and the Procurement Regulations. Schedule 2, Section I.A.2 of the Financing Agreement / Schedule 2, Section I.A.2 of the Grant Agreement.

Sections and Description



MVCT shall carry out Components 1.2 (a) and (c) through the selection of an Operator selected pursuant Procurement Regulations and sign with said Operator, an “Operator Agreement” under terms and conditions acceptable to the Bank and set forth in the Operational Manual.

Schedule 2, Section I.C.1 of the Financing Agreement / Schedule 2, Section I.C.1 of the Grant Agreement.

Sections and Description

No later than 6 months after the Effective Date, MVCT shall adopt an Operational Manual, satisfactory to the Bank and thereafter carry out the Project, and ensure the Project is carried out by Fonvivienda and the Operator, in accordance with the provisions of such manual.

Schedule 2, Section I.B.1 of the Financing Agreement / Schedule 2, Section I.B.1 of the Grant Agreement.

Sections and Description

The MVCT, shall, as set forth in the Operational Manual, ensure that Fonvivienda and the Operator (i) select a Fiduciary Agent for the corresponding activity under Part 1 of the Project, and (ii) enter into an agreement with said Fiduciary Agent (or include appropriate amendments to an existing agreement, as applicable) (“Fiduciary Agent Agreement”), under terms and conditions acceptable to the Bank, and set forth in the Operational Manual.

Schedule 2, Section I.D.1 (a) and (b) of the Financing Agreement / Schedule 2, Section I.D.1 (a) and (b) of the Grant Agreement.

Sections and Description

Prior to the carrying out of any activities under Part 1 of the Project in a specific Territorial Entity, the MVCT shall ensure that Fonvivienda enters into an agreement with said Territorial Entity under terms and conditions acceptable to the Bank and set forth in the Operational Manual (“Cooperation Agreement”).

Schedule 2, Section I.E.1 of the Financing Agreement / Schedule 2, Section I.E.1 of the Grant Agreement.

Sections and Description

Prior to carrying out any activities under Part 1.1 (b) of the Project, MVCT shall complement Decree 1077 of 2015, added by Decree 057 of January 2021, through all necessary regulations related to the operationalization of the Rental Subsidies.

Schedule 2, Section I.F.1 (a) of the Financing Agreement / Schedule 2, Section I.F.1 (a) of the Grant Agreement.

Sections and Description

Prior to the transfer of Rental Subsidies to a specific Lessor, the following actions must be completed: (i) Contrato de Mandato between the property owner and the Real Estate Agent shall be signed (ii) “Rental Agreement” between the Real Estate Agent and the Lessee shall be signed; both agreements shall be verified by the Fiduciary Agent in accordance with Fonvivienda guidelines, under terms and conditions acceptable to the Bank and set forth in the Operational Manual; (iii) Fonvivienda shall issue an allocation of the rental subsidy through a resolution (“Resolution of Subsidy Allocation”) to the selected Beneficiary Households, under terms and conditions acceptable to the Bank and set forth in the Operational Manual.

Schedule 2, Section I.F.1 (b) of the Financing Agreement / Schedule 2, Section I.F.1 (b) of the Grant Agreement.



Sections and Description

MVCT shall ensure that Fonvivienda, the Operator and each Fiduciary Agent implement activities under the Project, in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank. Schedule 2, Section I.G.1 of the Financing Agreement / Schedule 2, Section I.G.1 of the Grant Agreement.

**Conditions**

Type Effectiveness	Financing source IBRD/IDA	Description For the Financing Agreement: Upon signature, the Financing Agreement shall not become effective until the IBRD Fund for Innovative Global Public Goods Solution Grant Agreement has been executed and become effective. Article IV, Section 4.01 of the Financing Agreement.
Type Effectiveness	Financing source Trust Funds	Description For the IBRD Fund for Innovative Global Public Goods Solution Grant Agreement: Upon signature, the Grant Agreement shall not become effective until the Financing Agreement has been executed and become effective. Article IV, Section 4.01 of the Grant Agreement,
Type Disbursement	Financing source IBRD/IDA	Description For the Financing Agreement: no withdrawal shall be made: (i) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed US\$10,000,000 from the Loan and US\$2,170,000 from the Concessional Portion of the Financing, may be made for payments made prior to this date but on or after June 1, 2020; (ii) from the Financing Account unless each withdrawal is made on a pari passu basis and at a 82.2 % : 17.8 % ratio between the amount of the Loan allocated to the pertinent Category and the amount of the Concessional Portion of the Financing allocated to said Category. Schedule 2, Section III.B.1 of the Financing Agreement.
Type Disbursement	Financing source Trust Funds	Description For the Grant Agreement: no withdrawal shall be made: (i) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$1,500,000 from the Grant, may be made for payments made prior to this date but on or after June 1, 2020; and (ii) from the Grant Account unless each withdrawal is also made contemporaneously from the Financing Account which shall cover 89% of the corresponding



		Eligible Expenditures.
		Schedule 2, Section III.B.1 of the Grant Agreement.



## I. STRATEGIC CONTEXT

### A. Country Context

1. **After two decades of consistent economic growth and reductions in poverty, the COVID-19 crisis had a significantly adverse impact on Colombia’s economy, with effects that may take considerable time to absorb.** Real gross domestic product (GDP) contracted by 6.8 percent in 2020 against a pre-crisis projection of 3.6 percent growth. As a result of weak revenue collection and higher public spending to support the economy and livelihoods, the overall public sector deficit increased to 7.0 percent of GDP – from a projected 2.6 percent of GDP before the COVID-19 pandemic broke out. This is in stark contrast to previous trends, whereby Colombia’s solid economic growth since the early 2000s led to significant social improvements. Extreme poverty fell from 17.7 percent in 2002 to 7.2 percent in 2018. Moderate poverty also decreased, dropping from 49.7 percent to 27.0 percent over the same period. The crisis, however, has reversed significant progress in socio-economic conditions. Unemployment grew from 12.2 percent in February 2020 to an all-time high of 21.4 percent in May 2020. Poverty has increased by an estimated 6.7 percent between 2019 and 2020, even when accounting for the mitigative impact of emergency social cash transfers deployed in the crisis response.

2. **Resilient, safe, and affordable housing has been a long-standing priority in Colombia, as it is critical for improving living standards, reducing poverty, and increasing equity, while also mitigating disaster risks and promoting climate resilience.** An estimated 5.1 million households<sup>1</sup> suffer from either a quantitative (approximately 1.53 million households lack access to a housing unit) or qualitative (approximately 3.57 million households live in substandard housing units)<sup>2</sup> housing deficit. Inadequate and substandard housing is directly correlated with poverty, inequality, inadequate access to public services as well as poor education and public health outcomes. Since 2005, Colombia has made progress in nearly halving the quantitative deficit. However, the qualitative deficit has not decreased, and approximately 23 percent of all Colombian households still live in overcrowded and substandard housing.<sup>3</sup>

3. **The COVID-19 crisis is now highlighting in-country disparities in access to quality housing—specifically for poor and vulnerable families living in overcrowded conditions with inadequate sanitation.** Box 1 summarizes the alignment of the proposed Project with the strategic approach set out in the World Bank Group’s COVID-19 Crisis Response Approach Paper.

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<sup>1</sup> Of which an estimated 2.8 million households are located in urban areas.

<sup>2</sup> The qualitative housing deficit is defined by the number of households living in: (a) overcrowded conditions (more than five family members living in one room housing unit); and/or (b) substandard housing stock (i.e. foundations and walls not made by bricks or concrete materials and poor quality of materials of roofs and floors).

<sup>3</sup> Integrated Household Survey (*Gran Encuesta Integrada de Hogares*, GEIH) 2019 - National Statistical Administrative Department (*Departamento Administrativo Nacional Estadístico*, DANE).



**Box 1. Alignment of proposed Project with ‘World Bank Group COVID-19 Crisis Response Approach Paper - Saving Lives, Scaling-Up Impact and Getting Back on Track’**

The proposed Project is closely aligned with the ‘World Bank Group COVID-19 Crisis Response Approach Paper – ‘Saving Lives, Scaling-Up Impact and Getting Back on Track.’<sup>4</sup> Project investments will support activities in line with the objectives of Pillar 2: ‘Protecting Poor and Vulnerable People’. Specifically, the proposed Project will work to provide well-targeted housing support to poor and vulnerable groups, including (a) access to safe and affordable housing solutions to low-income households and (b) introduction of a rental subsidy program for previously unattended migrants from Venezuela . These measures will help protect poor and vulnerable groups from the impact of COVID-19 through (a) asset creation as protection from current and future economic shocks, and (b) the mitigation of overcrowding and unsafe housing conditions, which can serve as vectors for contagion from COVID-19. In addition, it will help them increase their resilience against observed and anticipated climate change impacts.

Further, the proposed Project will support activities in line with Pillar 4: ‘Strengthening Policies, Institutions and Investments for Rebuilding Better’. The proposed Project aims to rebuild better by strengthening investments and institutions for more sustainable investments. Specifically, the proposed Project will work to: (a) improve the prioritization, efficiency, and progressivity of public spending on housing and the quality of housing investments; (b) pilot private sector microfinance for home improvement as a means to leverage private sector capital and scale up investments to address housing deficit; and (c) contribute to an overall increase in investment, as a key to boosting the economic recovery from COVID-19, consistent with the strategy and budget for 2021 of the Government of Colombia (GoC), which include an increase in public investment, including in the housing sector. The housing sector has an important multiplier effect in terms of employment generation and economic activity in auxiliary sectors (i.e. through construction material procurement and real estate services). The nature of the investments in more resilient housing supported under the proposed Project aims to help Colombia rebuild better and sustainably from COVID-19.

**4. Migration from Venezuela has added increased pressure on Colombia’s housing sector and public services.** The Government of Colombia (GoC) has embraced migrants from Venezuela and instituted a progressive policy framework to support their economic and social integration.<sup>5</sup> Nonetheless, the rapid arrival of very large numbers of Venezuelan migrants (1.74 million) is straining Colombia’s integrative capacity and financial resources. This strain is severe in the near term, until the long-term positive effects of migration on economic growth materialize, and the COVID-19 crisis is compounding the challenge. Migrants from Venezuela disproportionately settle in areas that tend to be poorer and lack access to public services. Since the onset of COVID-19, migrants from Venezuela have been highly affected through increased risks of contagion, reduced employment, and depressed incomes.<sup>6</sup> The cumulative economic impact on migrant households has had a marked impact on their capacity to cover basic needs, including housing. Poorer households are forced to pay daily rates in insecure and informal transactions that are 20–50 percent higher than in the formal market. Rapid assessments indicate that unemployment among migrant populations has increased from 19.2 percent to 42 percent as a result of the pandemic.

<sup>4</sup> The World Bank Group, June 2020.

<sup>5</sup> International experience shows that most migrants and refugees tend to stay permanently in their host countries, even after conditions in their countries of origin have changed – highlighting the importance of a focus on long-term integration, including through adequate housing.

<sup>6</sup> Migrants from Venezuela are principally employed informally in the commerce, services, and housing construction sectors.



Increased homelessness among migrants from Venezuela has also been witnessed since the early days of the pandemic due to rising unemployment and public shelter shutdowns due to the risk of contagion.<sup>7</sup>

5. **According to the 2019 Integrated Household Survey (*Gran Encuesta Integrada de Hogares – GEIH*), of a total estimated 500,000 Venezuelan migrant households living in Colombia, approximately 90.9 percent reside in rental units.**<sup>8</sup> Venezuelan migrant households occupy 7 percent of the rental units in Colombia's urban areas and 58 percent of such households renting in urban areas are concentrated in 5 cities: Bogotá (109,000 households), Medellín (38,000 households), Cali (28,000 households), Cúcuta (25,000 households), and Barranquilla (24,000 households). Additionally, Venezuelan migrant households are disproportionately concentrated in the lower income ranges, earning less than 2 monthly minimum wages (MW) or US\$462 per month (88 percent migrants from Venezuela vs. 80 percent of Colombians).

6. **The ability to safely house poor and migrant households in Colombia is further complicated by the country's high exposure to natural disasters and extreme weather events.** Colombia ranks 10th globally in terms of economic risk posed by multiple natural hazards and has the highest recurrence of extreme events in South America – which are expected to be exacerbated by climate change and have disproportionate impacts on the most vulnerable.<sup>9</sup> Approximately 84 percent of the population and 86 percent of assets are located in areas exposed to two or more hazards. Between 1970 and 2015, 155 extreme events occurred, affecting 17.8 million people<sup>10</sup> and causing damages worth US\$7 billion<sup>11</sup> in the housing sector alone. Floods constituted the most frequent disasters, affecting 16 million people and causing damages of US\$3.7 billion. According to global climate models (GCMs) underpinning the most recent Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5), temperatures across Colombia are projected to increase between 1° and 2.5° C by 2100. The number of extreme rainfall events are also expected to increase. In addition, less frequent, high impact geological events, such as severe earthquakes and volcanic eruptions, can cause heavy losses. Furthermore, the impacts of climate change may accelerate internal displacements and migrations. This in turn, is likely to create additional stresses on Colombia's fight against poverty and increase the vulnerability of marginal and excluded populations.<sup>12</sup>

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<sup>7</sup> [https://www.washingtonpost.com/world/the\\_americas/stranded-venezuelans-build-camp-in-colombia-amid-pandemic/2020/06/04/3b57e70a-a684-11ea-898e-b21b9a83f792\\_story.html](https://www.washingtonpost.com/world/the_americas/stranded-venezuelans-build-camp-in-colombia-amid-pandemic/2020/06/04/3b57e70a-a684-11ea-898e-b21b9a83f792_story.html)

<sup>8</sup> Compared to Colombian households, from a total of 14.6 million, it is estimated that approximately 5.2 million Colombian households reside in rental units; 41 percent of them (2.1 million) earn less than 2 MW per month and 1.5 million earn between 2 MW and 4 MW per month.

<sup>9</sup> <https://climateknowledgeportal.worldbank.org/country/colombia>

<sup>10</sup> Project Performance Assessment Report, Disaster Risk Management Policy Loan, IEG, 2017.

<sup>11</sup> With average annual losses of US\$177 million. *Analysis of DRM in Colombia: A Contribution to Creation Public Policies*, World Bank, 2011 [www.gfdr.org/en/publication/analysis-disaster-risk-management-colombia-contribution-creation-public-policies-2011](http://www.gfdr.org/en/publication/analysis-disaster-risk-management-colombia-contribution-creation-public-policies-2011).

<sup>12</sup> [https://www.undp.org/content/undp/en/home/librarypage/environment-energy/climate\\_change/integrating\\_climatechangeintodevelopment/mainstreaming-climate-change-in-colombia.html](https://www.undp.org/content/undp/en/home/librarypage/environment-energy/climate_change/integrating_climatechangeintodevelopment/mainstreaming-climate-change-in-colombia.html)



## B. Sectoral and Institutional Context

7. **Colombia has developed a strong legal and institutional framework that supports efficient and sustainable housing development.** This framework rests on three key pillars.

- First, the Law 3 of 1991 successfully created a framework for private sector-led housing development, resulting in a significant increase in new housing development and homeownership. GoC support for housing under this framework of market-based housing development solutions has benefited more than 1.2 million households since 1991.
- Second, Colombia’s legal and institutional framework promotes sustainable land use development through Municipal Land Use Plans (*Planes de Ordenamiento Territorial*, POTs<sup>13</sup>) that set guidelines to support efficient and sustainable land use for each municipality—including considerations for hazard risk management.
- Third, the National Housing Fund (*Fondo Nacional de Vivienda*, Fonvivienda) has an established track record for the efficient and transparent management and delivery of subsidies. *Fonvivienda*—a dependent entity of the Ministry of Housing, City, and Territory (*Ministerio de Vivienda, Ciudad y Territorio*, MVCT)—manages an average annual budget of US\$525 million and has delivered more than 500,000 housing solutions since 2009.

8. **The GoC has continued the country’s longstanding commitment to supporting affordable access to housing.** In recent years, the GoC has shifted its housing policy focus to the needs of the most vulnerable, by addressing the qualitative housing deficit for families in most need and providing a pathway to home ownership for less creditworthy households. Specifically, since 2018, the GoC has introduced two new interventions focused around these objectives: (i) a program of home and neighborhood improvement (*Casa Digna, Vida Digna*, CDVD); and (ii) a rental subsidy program (*Semillero de Propietarios*, SDP).<sup>14</sup> The proposed Project will support these two programs, and the introduction of a third instrument focused on supporting migrants from Venezuela with rental subsidies under the umbrella of the SDP Program (see Table 1).<sup>15</sup>

9. **Historically, Colombia’s housing policies and subsidies have been tailored to serve multiple development purposes – ranging from improving livelihoods of lower-income families, boosting local economies, and generating employment in times of crisis.** Emblematic programs have mainly focused on the construction of new homes, where the majority of beneficiaries have been middle-income workers with formal employment (e.g., the interest rate subsidy program, the down payment subsidy program and *Mi Casa Ya* - see Table 2). The construction of new homes, whose beneficiaries were mainly families already able to access a mortgage loan, contributed to reducing the quantitative housing deficit and has also served to stimulate the economy. However, as an estimated 40.8 percent of all housing subsidy spending between 2012 and 2019 went to programs targeting upper middle- and middle-income households (whose income segments comprised only 18.3 percent of the total population living in housing

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<sup>13</sup> Or their Territorial Planning Scheme (*Esquema de Ordenamiento Territorial*).

<sup>14</sup> It is estimated that CDVD and SDP programs will cost approximately US\$3.6 billion in total (2018-2022).

<sup>15</sup> Since its launch, CDVD program has carried out more than 234,000 home improvements through its three implementing entities (MVCT, Ministry of Agriculture and Rural Development [*Ministerio de Agricultura y Desarrollo Rural*, MADR], and Social Prosperity Department).





deficit), there was space to improve pro-poor targeting and efficiency in the use of public resources.<sup>16</sup> The GoC, understanding the importance of supporting housing improvement programs, started to promote home-improvement interventions in 2018, through the implementation of the *Casa Digna, Vida Digna* Program, which aims to benefit 600,000 Colombian households. The average subsidy per housing solution of these ‘up-market’ programs was an estimated US\$6,407. Similarly, when GoC housing programs did go ‘down-market’ to target lower-income households, they were expensive on a per housing solution basis (i.e., on average US\$10,646 per housing solution for the upfront subsidy combined with savings for the *Mi Casa Ya Ahorradores* Program and Free Housing Programs). The proposed Project, therefore, seeks to support the GoC in reaching vulnerable families in need that have not been able to benefit from previous housing programs.

**Table 1. New Housing Programs for Low-Income Households Created since 2018**

Program	Characteristics of Beneficiaries	Total Subsidy per Housing Solution (US\$)
Lease to Own <i>(Semillero de Propietarios with purchase option)</i>	Households working in the informal sector with a monthly income up to 2 MW (US\$491). For CDVD households with monthly income up to 4 MW (US\$982)	11,210
Home Improvement <i>(Casa Digna, Vida Digna, CDVD)</i>		4,420
Rental Subsidy for migrants from Venezuela <i>(Semillero de Propietarios without purchase option)</i>		1,152 <sup>a</sup>

Note: Proposed Project supported programs are highlighted in blue.

a. 12-month rental subsidy.

**Table 2. Existing Housing Programs in Colombia Created before 2018**

Target Income Segment/ Relevant Programs	Characteristics of Beneficiaries	Percentage of the Total Housing Deficit	Average Subsidy Per Household (US\$)	Total GoC Investment: 2012–2019 (US\$, millions)
<b>Upper Middle Income:</b> Interest-rate subsidy linked to a mortgage	Households with a monthly income up to 8 MW (US\$2,079) and access to credit	0.7	6,154	369.3 (7.9%)
<b>Middle Income</b> Mi Casa Ya (upfront subsidy linked to a mortgage with and without interest-rate subsidy)	Households with a monthly income between 2 and 8 MW (US\$693–US\$1,848) and access to credit	17.6	6,659	1,541 (32.9%)
<b>Low Income</b> Mi Casa Ya (upfront subsidy combined with savings) and Free Housing	Households with a monthly income up to 2 MW (US\$462)	81.8	10,646	1,780.1 (59.3%)
<b>Total</b>		<b>100</b>	<b>7,876</b>	<b>4,690.4 (100%)</b>

<sup>16</sup> In addition, there has been no progress in reducing the qualitative housing deficit of the existing housing stock.



10. **The proposed Project supports a shift in GoC housing policy and investment along four key tracks:**

- (a) Improved targeting to poorer and vulnerable households; more specifically, the proposed Project supports the new *Casa Digna Vida Digna* (CDVD) home improvement program whose beneficiaries are disproportionately poor and employed in the informal sector.
- (b) A focus on *incremental* home improvement, as low-income beneficiary households predominantly need to improve the quality of their existing housing stock.
- (c) Increased efficiency in the deployment of housing subsidies; more specifically, the average per household subsidy value for the CDVD Program is US\$4,158—67 percent of the value of all ‘up market’ subsidies in place prior to 2018.
- (d) The introduction of a new and innovative rental subsidy program targeting the highly vulnerable group of migrants from Venezuela. This rental subsidy instrument can serve as a potential model for other countries facing cross-border migration challenges in the region and globally.

11. **The proposed Project aims to further act as a critical stimulus in a COVID-19 recovery scenario as Colombia shifts its attention to catalyzing growth and employment.** The construction sector in Colombia accounts for approximately 6.6 percent of GDP, with additional forward and backward linkages in materials supply, real estate services and financial services, amongst others. Furthermore, the construction sector accounts for 7.2 percent of the total labor force. The proposed Project aims to specifically catalyze construction activity and employment in local markets and at a scale likely to benefit small and medium-sized firms.

12. **Female-headed households in Colombia have the highest rates of poverty and unemployment rates continue to be much higher for women than for men.** In 2018, nearly 30 percent of the population belonging to a female-headed household lived in poverty.<sup>17</sup> Moreover, the unemployment rate for women in Colombia is the highest in Latin America and the Caribbean. Although Colombian women have joined the labor market in increasing numbers over the last decades, in 2019, the unemployment for women stood at 14.1 percent versus 8.3 percent for men.<sup>18</sup> Domestic and household-related work seems to be a fundamental factor that keeps women out of the labor force. In 2017, 28.6 percent of women said that family reasons prevented them from looking for a job and around 13 percent of women reported feeling that they had insufficient time. Furthermore, women are tasked with childcare and domestic activities in 96 percent of female-headed households. This has a socio-economic impact, as these women are often overworked and unable to earn a greater income.<sup>19</sup>

### C. Relevance to Higher Level Objectives

13. **The proposed Project is aligned with the World Bank Group’s Colombia Country Partnership Framework (CPF) for FY16–FY21.**<sup>20</sup> The CPF, as updated by the Performance and Learning Review (PLR)

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<sup>17</sup> OECD Statistics, 2018.

<sup>18</sup> Gender Equality in Colombia: Access to Justice and Politics at the Local Level, OECD, July 2020.

<sup>19</sup> *Defensoria del Pueblo*, Colombia, 2019.

<sup>20</sup> Report No. 101552-CO, discussed by the Board of Executive Directors on April 7, 2016.



of the CPF<sup>21</sup> focuses on key objectives in three pillars: Pillar 1: Fostering Balanced Territorial Development; Pillar 2: Enhancing Social Inclusion and Mobility through Improved Service Delivery; and Pillar 3: Supporting Fiscal Sustainability and Productivity. The proposed Project seeks to contribute to these pillars by: (a) improving access to home improvement and infrastructure services in target areas (Pillars 2 and 3); (b) promoting social inclusion and cohesion between migrants/refugees and host communities, to promote balanced territorial development and address housing provision challenges (Pillars 1 and 2); and (c) supporting the fiscal sustainability of municipalities by strengthening institutional capacity for planning and implementation of an integrated response to the housing deficit and migration crisis (Pillar 3).

14. **IBRD financing and knowledge support in FY20-21 has been adjusted in line with Colombia’s strategy and programs to address the COVID-19 crisis and promote a strong and sustainable recovery, consistent with the World Bank Group COVID-19 Crisis Response Approach Paper (WBG AP).** The adjustments include additional support in the health sector (both advice and financing), for protecting the poor and vulnerable (targeted transfers, reform of the social registries, resilient and inclusive support, increased support for migrants and host communities), and for building resilient and sustainable infrastructure for medium-term growth, while maintaining robust macroeconomic policies and fiscal sustainability. The Bank is also supporting Colombia’s medium-term structural and institutional reform agenda in internationalization, employment, and improved targeting of subsidies and benefits (See Annex 3).

15. **The proposed Project is consistent with the ‘2018–2022 National Development Plan (NDP) Pact for Colombia, Pact for Equity’<sup>22</sup>** which recognizes the need for a social policy to achieve equity and social inclusion and includes a special component “dignified and inclusive housing and neighborhoods” (“*vivienda y entornos dignos e incluyentes*”).<sup>23</sup> It is also aligned with the ‘Resilient Colombia: Knowledge and Risk Management Prevention of Disasters and Climate Change Adaptation’ section of the NDP, particularly with Objective 2, which seeks to ensure territorial and sectoral co-responsibility in disaster risk reduction and adaptation to variability and climate change.

16. **The proposed Project is also aligned with the GoC’s overall policy framework to respond to the influx in population from Venezuela.** The GoC approved a ‘Strategy for the Response to Migration from Venezuela’ in November 2018, which highlights the impact of the migration process in housing.<sup>24</sup> This strategy refers to the importance of developing responses to both short-term humanitarian needs and long-term developmental goals that are conducive to the integration of migrants. The NDP pillar ‘Pact for Legality’ also acknowledges the need for legal and organized migration, including the social and economic integration of migrants hosted by Colombia.

17. **The proposed Project is aligned with the WBG Green, Resilient, and Inclusive Development (GRID) Approach<sup>25</sup>** which highlights the importance of repairing the structural damage caused by COVID-

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<sup>21</sup> Report No. 135458-CO, April 23, 2019.

<sup>22</sup> Law No. 1955/2019.

<sup>23</sup> 2018–2022 Basis for the NDP, Page 324. The objective of the NDP is to lay the foundations to allow all Colombians achieve equal opportunities and aiming to achieve the SDGs by 2030.

<sup>24</sup> Documento CONPES (*Consejo Nacional de Política Económica y Social*)- 3950, <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/3950.pdf>

<sup>25</sup> From COVID-19 Crisis Response to Resilient Recovery. Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID), World Bank Group, Development Committee, April 2021.



19 and accelerating climate change mitigation and adaptation efforts while restoring momentum on poverty reduction and shared prosperity. The proposed Project also contributes to GoC efforts to mainstream climate resilience and disaster risk management in the housing sector, aiming to increase the government capacity to integrate climate change considerations in key development sectors (such as housing) as well as increase the capacity of communities to withstand extreme events.<sup>26</sup> Promotion of energy efficiency in rehabilitated housing under the proposed Project will also contribute to Colombia's ambitious target of reducing greenhouse gas emissions by 51 percent by 2030<sup>27</sup>. In addition, the proposed Project expects to complement efforts of the GoC to mainstream disaster risk management in the housing sector. The World Bank's Second Disaster Risk Management Development Policy Lending (DPL) with a Catastrophe Deferred Draw Down Option (CAT DDO II) (P126583)<sup>28</sup>—approved in 2012 and renewed until 2021—supports policy and institutional reforms to strengthen the GoC's program for reducing risks from adverse events. Specifically, the CAT DDO II supports “strengthening policies and tools to reduce risk in the housing sector.”

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

18. To improve the quality<sup>29</sup> of housing and public space for vulnerable households,<sup>30</sup> including migrants from Venezuela, in selected municipalities.

#### PDO Level Indicators

19. The Project Development Objective (PDO) level results indicators are
- (a) Number of households benefited from home improvement interventions (of which are in urban areas and rural areas; and the share of women, disabled, and Afro-descendant among them);<sup>31</sup>
  - (b) Number of households and number of people provided with improved urban living conditions (and the share of women among them; and the share of migrants from Venezuela among them); and

<sup>26</sup> <sup>26</sup> This is in line with the Colombia National Strategy on Climate Change, 2016.

<sup>27</sup> Colombia Nationally Determined Contribution (NDC) as of December 29, 2020.

<sup>28</sup> <https://projects.worldbank.org/en/projects-operations/project-detail/P126583>

<sup>29</sup> Housing quality in Colombia implies: (a) access to a water source, (b) adequate wall materials, (c) adequate floor materials, (d) adequate waste disposal, (e) uncrowded spaces, (f) structural strengthening.

<sup>30</sup> Vulnerable households defined as those low-income households living in inadequate conditions.

<sup>31</sup> Beneficiary households are considered according to the GoC's established monitoring indicators (CONPES 4027): “Number of households with improved urban living conditions, and the respective share of female-headed households and Venezuelan migrant households.” The GoC uses “households” due to two reasons: (a) beneficiaries of housing subsidies in Colombia are “households”, since the public policy instrument is based on families (the Family Housing Subsidy [*Subsidio familiar de Vivienda*, SFV]); and (b) goals in the housing sector within the NDP and other public policy documents have been established in terms of households.



- (c) Number of rental subsidies granted to migrant households from Venezuela.

## B. Project Components

20. **The proposed Project's components include:** (a) targeted subsidies under the home improvement subsidy program (CDVD) and a rental subsidy program (within SDP) for migrants from Venezuela; (b) the development of neighborhood improvement and infrastructure investments to improve living conditions for migrants from Venezuela and host communities; and (c) support for housing policy development and institutional strengthening at the national and municipal level. A more detailed project description is provided in Annex 2.

**Component 1: Improve Homes and Neighborhoods for Low-Income Households (IBRD US\$82.0 million, along with US\$17.8 million from the Global Concessional Financing Facility (GCF) and US\$12.3 million from the IBRD Fund for Innovative Global Public Goods Solution (GPG))**

21. This component will finance (a) subsidies to improve housing quality (home improvement subsidies for eligible households under the CDVD Program and rental subsidies for migrants from Venezuela under SDP Program) and (b) targeted infrastructure investments in selected municipalities most affected by migration from Venezuela.

**Subcomponent 1.1: Supporting Subsidy Schemes to Improve Housing Quality (IBRD US\$56.5 million, along with US\$12.2 million from the GCF and US\$8.4 million from the GPG)**

22. This subcomponent will finance home improvement subsidies to eligible households living in poor-quality houses and rental subsidies for migrants from Venezuela. More specifically:

### *Home Improvement Subsidies*

23. **This subcomponent will support Fonvivienda<sup>32</sup>—through the MVCT—to expand its existing home improvement program** in providing subsidies to eligible households living in poor-quality houses, with values below 135 MW (US\$33,148), or 150 MW (US\$36,832) for urban agglomerations with population exceeding one million inhabitants.<sup>33</sup>

24. **Vulnerable households will be prioritized as beneficiaries as described above, with gender considered as part of the eligibility criteria.** Female-headed households are generally poorer than male-headed households and, therefore, more likely to live in inadequate homes. Among them, young women household heads with children are more likely to be poor, especially if the natal families do not or cannot provide support.<sup>34</sup> The proposed Project will prioritize female-headed households including women

<sup>32</sup> Fonvivienda manages resources of the National General Budget (*Presupuesto General de la Nación*) with respect to the implementation of social housing projects.

<sup>33</sup> Property to be owned or legally occupied for at least five years before submitting the application for the home improvement subsidy.

According to Decree 1467/2019 that establishes an exceptional price of Social Interest Housing (*Vivienda de Interés Social, VIS*) - up to a value of 150 MW - for urban agglomerations with population exceeding one million inhabitants, as defined in CONPES 3810/2014. Those agglomerations include Barranquilla, Bogotá, Bucaramanga, Cali, Cartagena, Medellín.

<sup>34</sup> Gender Equality and Development. Expanding women's access to land and housing in urban areas. Carole Rakodi, The World Bank Group, 2014.



working in the informal sector, single-parent households and ‘community mothers’,<sup>35</sup> which are estimated to be approximately 40 percent of beneficiary households.

25. **Eligible households will benefit directly from home improvement works rather than receive in-cash subsidies.** This approach will ensure that works are properly undertaken according to seismically safe construction, climate resilient standards and local building codes (including energy efficiency considerations) as well as urban regulation according to the POTs and planning regulations. In selected project areas highly affected by migration, the proposed Project seeks to support households that are willing to create and rent additional space to migrants from Venezuela. The proposed Project will cover home improvements up to a value of 18 MW (US\$4,420) in urban areas. A higher value up to 22 MW (US\$5,402)<sup>36</sup> is considered for peri-urban and rural areas, based on market research conducted by MVCT that found higher costs of materials and logistics in a sample of municipalities.<sup>37</sup> The estimated cost of the interventions is calculated considering: (a) the value of subsidies provided by previous programs executed in Colombia; (b) that home improvement subsidies are focused on low-income households; and (c) that subsidies will not require counterpart resources from the household.

26. **Following a technical assessment, and before planning and budgeting the works, eligible homes will be classified in one of the following three categories** to determine the maximum amount for the home improvement subsidy in urban areas<sup>38</sup> for each modality of intervention:

- (a) **Category I:** homes that do not require structural intervention but need other qualitative improvements. No licensing is required for these interventions.
- (b) **Category II:** homes that require a structural intervention and other qualitative improvements and the latter can be developed without the need of prior structural intervention.
- (c) **Category III:** homes that require structural strengthening/retrofitting and other qualitative improvements but structural interventions - that may include vulnerability mitigation - must be carried out prior to other qualitative improvements. Licensing is required for these interventions.

27. **The proposed Project focuses on increasing resilience in the housing sector in selected municipalities in areas defined by the POTs as suitable for urban development, thus strengthening the application of land use policies that incorporate disaster risk.** The POTs provide regulations on safe location of houses and infrastructure considering climate related hazards such as floods and landslides.

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<sup>35</sup> Community mothers are women who play a fundamental role in Colombia to guarantee the development and well-being of the most disadvantaged children in situations of psycho-affective, nutritional, economic, and social vulnerability. These women, who receive a minimum wage for their work and are usually poor, take care of the children, provide them with affection and food, and at the same time try to improve the quality of life of families achieving better relationships among kids and their parents or caregivers.

<sup>36</sup> The higher value of the subsidy in peri-urban and rural areas is due to higher costs in the transport of materials and difficulties in accessing dispersed areas.

<sup>37</sup> According to Decree No. 1341/2020.

<sup>38</sup> According to Decree No. 867/2019, Article 2.1.1.7.9.

In peri-urban and rural areas, eligible homes with qualitative improvement needs will be categorized according to the type of intervention needed (structural and/or qualitative) during a first assessment, following guidelines similar to those in urban areas but adapted to the rural context.



This will ensure that investments are made in infrastructure with acceptable risk conditions, guaranteeing that exposure, and therefore risk, is not increased, including that posed by climate change.

28. **Appropriate designs and construction techniques, as well as strengthening, will ensure a better response of the structures to climate-related hazards such as heavy rainfall, wind and frost.** Improving homes and neighborhoods for lower income families will not only reduce risks but also will impact the health and well-being of the beneficiaries. Moreover, in order to ensure that structural improvements in eligible homes reduce vulnerability, works will be conducted in compliance with all existing relevant regulations, licenses and approval processes from competent authorities.

29. **The proposed Project seeks to use processes and materials of low energy consumption as well as the design of interventions that promote energy efficiency as established in the sectoral mitigation action plan for the housing sector and land development of Colombia, thus aligning with climate change mitigation objectives.** By incorporating energy efficient and sustainable design, housing solutions will generate savings for families, increase comfort and well-being and contribute to greenhouse gas emissions reduction.

#### *Rental Subsidies for Migrants from Venezuela*

30. **According to the 2019 Integrated Household Survey,<sup>39</sup> it is estimated that migrants from Venezuela pay an average of US\$96 per month for the rental fee of homes without any qualitative deficits.** This subcomponent will finance the provision of rental subsidies equivalent to up to US\$1,152 that will allow migrants from Venezuela to cover the entire monthly rental fee during a year, without the need of complementing it with a household counterpart. Rental subsidies will be offered for both existing homes that meet a set safety and quality standards and homes that were improved or expanded with a home improvement subsidy offered by the proposed Project.<sup>40</sup> The Legal Agreement will include a covenant stating that National Decree No. 057, approved on January 19, 2021, related to the rental subsidy program, must be adopted before any activities are implemented under the proposed Project. A global insurance policy may be generated to cover the risks inherent to the lease, other than non-payment within 12 months. The detailed mechanism of the rental process, including the legal aspects, is described in the Operational Manual of the proposed Project.

#### ***Subcomponent 1.2: Improving Living Conditions in Selected Neighborhoods (IBRD US\$25.5 million along with US\$5.6 million from the GCF and US\$3.9 million from the GPG)***

31. **This subcomponent will finance works for neighborhood upgrading interventions and infrastructure in selected municipalities most affected by the migration from Venezuela.** Investments under this subcomponent will both improve the living conditions of Colombians as host communities and promote the social inclusion of migrants from Venezuela.

32. **Investments under the subcomponent will be carried out according to the Fonvivienda Public Infrastructure Program (*Programa Equipamientos Públicos Colectivos Urbanos*) and the MVCT Neighborhood Improvement Program (*Programa de Mejoramiento Integral de Barrios, MIB*) under the**

<sup>39</sup> GEIH 2019 - National Statistical Administrative Department (*Departamento Administrativo Nacional Estadístico, DANE*)

<sup>40</sup> As the housing stock improves and expands through home improvement works, rental subsidies will enable migrants from Venezuela to find proper accommodation within their host communities.



**CDVD program framework.** The subcomponent will support the development of: (a) public spaces;<sup>41</sup> (b) integrated public facilities;<sup>42</sup> and (c) neighborhood upgrading interventions<sup>43</sup> through Fonvivienda and the Department of Urban and Territorial Space (*Dirección de Espacio Urbano y Territorial*, DEUT) of the MVCT. These investments have been prioritized for their potential to positively affect the quality of life in these communities, enable social interactions among migrants and hosts, and strengthen social integration.

33. **The neighborhood upgrading and infrastructure investments will both improve living conditions and contribute to create environmentally sustainable spaces where nature-based infrastructure will be treated like an asset for climate change mitigation and risk reduction.** These spaces will also provide green infrastructure for water storage and sustain native vegetation and natural ecosystems. Additionally, they will be built using climate resilient materials and energy efficient measures (such as in lighting), thus contributing to climate change mitigation and risk reduction.

34. **Activities under Component 1 aim to contribute to reduce the gender gap related to women's participation in the labor market and distribution of home chores.** In addition to home improvements (including the introduction of home technologies such as washing machines and upgraded kitchens), access to childcare centers and integrated public facilities offering sports, cultural, technological and entrepreneurial activities for kids and young kids, Component 1 activities will seek to increase the percentage of women with time availability to seek job opportunities or entrepreneurial activities (see Gender section below).

**Component 2: Institutional Strengthening to Improve Homes and Neighborhoods (IBRD US\$9.8 million, along with US\$2.2 million from the GCF and US\$1.5 million from the GPG)**

35. This component will finance technical assistance to build capacity of the MVCT and its main counterparts, including municipalities affected by the migration from Venezuela. Activities supported under this component will include, among others:

- (a) Upgrading MVCT and Fonvivienda's information and monitoring systems for the optimization of housing subsidy allocation, the rental subsidies, and the prioritization of infrastructure investments;
- (b) Creating geospatial databases for housing characterization, informal settlement location, territorial planning in coordination with existing national systems;
- (c) Conducting studies for the definition of sustainable and resilient construction parameters, such as thermal insulation, acoustic insulation, and disaster and climate resilient public infrastructure, among others, that could be tested in selected municipalities;

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<sup>41</sup> Public spaces are parks and green spaces.

<sup>42</sup> These integrated public facilities will be similar to the SACUDETE centers, which are part of a national innovative strategy under the NDP 2018–2022 that seeks to promote the social integration of young people through cultural activities. These integrated public facilities aim to facilitate services and activities related to kids and young kids care and development, sports, culture, technology, and entrepreneurship.

<sup>43</sup> Neighborhood upgrading interventions will include childcare centers, local roads and footpaths. These specific infrastructures will be built in areas where the MVCT has already implemented works as part of the MIB program, including water and drainage provision, waste management and land titling processes.





- (d) Improving the regulatory framework for land use planning, land-based finance and, and urban infrastructure financing instruments and construction licensing in coordination with activities supported by the proposed Project.
- (e) Strengthening the housing microfinance sector and its link to national and local government subsidies and conducting case studies to evaluate the feasibility of expanding the market for home improvement microcredits in selected municipalities; and
- (f) Capacity building for local governments to improve the quality of the existing housing stock, disaster risk management, climate change mitigation and adaptation, citizen engagement, grievance redress mechanism (GRM), gender equality, management of future health emergencies or disease outbreaks, and social inclusion of vulnerable households, including migrants from Venezuela.

36. **Activities included under Component 2 will contribute to climate adaptation efforts by strengthening GoC capacity to promote climate resilience of the housing sector and to incorporate the use of spatial data for risk management and land use planning while conducting research on new building technologies.** This research could enable the development of affordable and resilient housing in remote areas and support the adoption of efficient, green, and sustainable construction technologies to reduce the use of water, electricity, and gas consumption while encouraging the use of recycling waste materials. By developing and adopting these tools, the GoC will enhance its capacity to integrate climate change adaptation and mitigation measures. Two indicators were included in the Results Framework to track progress on adaptation and mitigation to climate change: (a) the amount of selected municipalities promoting energy efficiency interventions; and (b) the formulation of two guidelines for adaptation to climate change and disaster risk management.

**Component 3: Project Management (IBRD US\$8.2 million along with US\$1.7 million from the GCFF and US\$1.2 million from the GPG)**

37. This component will finance the creation and staffing of a Project Implementation Unit (PIU) within the MVCT, which will be responsible for procurement, financial management (FM), social and environmental standards, and monitoring impact. Activities eligible for financing under this component include: (a) consulting services (including specialized personnel required to implement the proposed Project); (b) capacity building and technical assistance for procurement, safeguards, and FM, and fiduciary services requirements; (c) outreach campaigns to disseminate project activities; (d) project auditing (including the preparation of financial reports); (e) baseline survey of beneficiaries and monitoring and evaluation (M&E) (including support for the monitoring of environmental and social standards, monitoring of the impact of project investments on beneficiaries, with a particular focus on women, female-headed households, single parents with children, elderly people, Afro-descendants, members with disabilities and migrants from Venezuela, and mid-term and end-of-project evaluations); (f) citizen engagement (including, but not limited to, public consultations for the carrying out Component 1); (g) the design and operation of the proposed Project's GRM; and (h) operating costs (for example, equipment, furniture, and information and communication technology).



## Eligibility and Selection

38. **Framework Approach.** The proposed Project has been developed under an MVCT framework approach by which the operation defines procedures, guidelines, and eligibility criteria for all (a) technical, (b) environmental and social management, and (c) operational aspects. The framework approach will apply to investments under Component 1 of the proposed Project. A framework approach is appropriate for operations that anticipate implementing a relatively standard package of small-scale investments in multiple project locations. Annex 2 further elaborates on the characteristics of the framework approach. The details of the approach are included in the Operational Manual of the proposed Project.

39. **Municipal Eligibility and Selection Framework.** The proposed Project has developed a Municipal Eligibility Framework as part of program design and as defined by the *Mesa de Equidad*<sup>44</sup>, which will be applied throughout the project life. In addition, the proposed Project also considers the number of migrants from Venezuela. By applying this framework, municipalities are selected in a two-stage process:

- **First, a Municipality Eligibility Index (MEI) is applied.** The MEI is comprised of three equally weighted variables: (a) the absolute number of households in the municipality living in overcrowded housing units;<sup>45</sup> (b) the absolute number of households in the municipality living in housing units with a qualitative housing deficit;<sup>46</sup> and (c) the absolute number of migrants from Venezuela in the municipality.<sup>47</sup> As part of project preparation, the MEI was applied to all urban municipalities in the country, yielding a priority list of 15 municipalities.
- **Second, given the specific focus of the proposed Project on municipalities that have been highly affected by migration from Venezuela,** an additional 10 municipalities were selected based on a fourth variable—the share of migrants from Venezuela in the overall municipal population.

40. **The application of this municipal eligibility framework has resulted in the selection of the following 25 municipalities:** Bogotá, Medellín, Cali, Barranquilla, Bucaramanga, Cartagena, Cúcuta, Pereira, Santa Marta, Valledupar, Riohacha, Sincelejo, Arauca, Yopal, Soledad, Bello, Villa del Rosario, Ciénaga, Soacha, Floridablanca, Fonseca, Maicao, San Juan del Cesar, Saravena, and Tibú.

41. **All of the 25 eligible municipalities have been assessed to meet all technical, environmental and social management and operational criteria** and, as such, are appraised to implement subproject activities under the proposed Project upon project effectiveness. As a critical prerequisite for project

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<sup>44</sup> The inter-agency *Mesa de Equidad* is comprised of the Office of the President, the National Planning Department and MVCT, amongst other actors. The *Mesa* is a Presidential initiative with the goal of guiding the GoC in defining pertinent interventions, including housing, to assist the poor and foster social inclusion.

<sup>45</sup> An overcrowded housing unit that suffers from qualitative housing deficit is defined as one where there are more than four family members living in one room housing unit. DANE, 2018.

<sup>46</sup> A housing unit in qualitative deficit is defined as one that presents one or more of the following characteristics: the unit has foundations and walls that are not made by bricks or concrete materials, has a poor quality of roofs and floors materials, does not have an adequate connection to water and sanitation services, and is in an overcrowded condition. DANE, 2018.

<sup>47</sup> Data on municipalities population, and Venezuelan migrant population is based on information from DANE 2018, and Migration Colombia 2020.



preparedness and readiness, all 25 municipalities have been screened further for having an updated or advanced<sup>48</sup> POT, which includes updated spatial hazard and climate risk studies.<sup>49</sup>

42. **Urban development and housing programs must comply with land use regulations, urbanization and construction permits and licenses; and must also follow requirements determined by POTs.**<sup>50</sup> Thus, by following the POTs, the proposed Project will avoid investing in: (a) areas where hazard conditions and climate risk prevent the use of the land for urban development; (b) environmentally protected areas; (c) areas without access to public services, and (d) areas without roads and other basic infrastructure. Moreover, POTs require specific hazard and risk studies including: (a) floods, flashfloods and landslides hazard maps and other climate risk information; (b) delimitation of areas where high risk can or cannot be mitigated; and (c) measures to set restrictions and determine urban use regulations (i.e., urban growth, density, and city boundaries, among others). By determining POTs as a prerequisite and the choice of locations, the proposed Project aims to significantly increase resilience and adaptation to climate change through preference of investment in locations with climate risks conditions.

43. **All municipalities show some level of climate change risk.**<sup>51</sup> Annex 4 shows the climate change risk index and hazard, sensitivity, adaptive capacity and vulnerability indices for the 25 municipalities prioritized for the proposed Project as obtained from the climate change risk analysis carried out under the Third National Communication on Climate Change (IDEAM et al. 2017). Given the high vulnerability of Colombia to climate change, it is expected that the proposed Project aims to positively impact vulnerability conditions in these municipalities, contributing to climate change adaptation goals. The proposed Project aims to provide a showcase for the safe location of infrastructure and houses through the inclusion of risk criteria in land use planning. This will be possible since 21 out of 25 of prioritized municipalities have a municipal administrative framework that includes a Land-Use Plan (POT) and hazard studies and maps, which help municipalities to mitigate and prevent hazards and risks created by climate change.

44. **The proposed Project anticipates that additional municipalities (beyond the selected 25) could become eligible** under the proposed Project in the event that either: (a) demand from the selected 25 municipalities falls short of available project financing; or (b) additional project financing is made available over the life of the proposed Project. In such an event, the proposed Project will apply the abovementioned municipality eligibility framework to expand the cohort of eligible municipalities proportional to the scope of available financing. New municipalities would be subject to technical, environmental, and social management assessments prior to accessing project financing.

45. **In order to further ensure the selection of municipalities is consistent with GoC cross-cutting strategic priorities on equality and post-conflict reconstruction**, and upon the request of the GoC, the proposed Project analyzed the selection of municipalities against the criteria of the *Mesa de Equidad* and the post-conflict Territorial-focused Development Programs (*Programas de Desarrollo con Enfoque*

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<sup>48</sup> An 'advanced' POT is characterized specifically by a technical document, an urban regulations code, a local decree adopting the land use plan, a cartography set supporting the decree, and hazard and risk basic studies. In the case of seven municipalities that have advanced POT updates, the implementing PIU under the MVCT will provide technical assistance under parallel programs to accelerate the completion of POTs.

<sup>49</sup> Climate risks refers to hydrometeorological hazards (landslides, floods, and debris flows).

<sup>50</sup> According to Colombian Article 99 of Law No. 388/1993.

<sup>51</sup> IDEAM et al. 2017.



*Territorial*, PDET).<sup>52</sup> It was concluded that the municipality selection reinforced the objectives of both strategic policy directions.

46. **The allocation of financing under the proposed Project will take place annually, based on demand from municipalities.** Based on annual budgetary allocations, the implementing agency, the MVCT, will determine the specific number of municipalities and beneficiaries for execution each year. The project design includes a provision that no single municipality will avail more than 10 percent of overall project financing over the lifecycle of the proposed Project.

47. **Within each selected municipality, the proposed Project will select beneficiaries by applying a beneficiary eligibility and selection framework.** The beneficiary eligibility and selection framework follows a three-step selection process for both home improvement subsidies and rental subsidies, including for migrant households, in each selected municipality. Each municipality will lead the selection process, which will be validated by the implementing agency within the MVCT. Specifically, the process will: (a) identify neighborhoods/areas of high household vulnerability; (b) identify eligible beneficiaries in these neighborhoods/areas based on a beneficiary eligibility framework; and (c) select and validate beneficiaries through the MVCT with a specific preferencing for vulnerable groups:

- (a) **Identification of Neighborhoods/Areas of High Vulnerability:** The proposed Project will apply a Household Vulnerability Index (HVI) to locate neighborhoods in all selected municipalities. In Colombia's land use planning system, all municipalities are comprised of a series of neighborhoods (e.g., *Unidades de Planeamiento Zonal* [UPZs] by the Spanish acronym, or *Comunas*<sup>53</sup>). The HVI<sup>54</sup> was developed by MVCT, with advisory support from the Bank, as part of project preparation. The HVI is a composite index of three sets of variables focused on (i) household vulnerability,<sup>55</sup> (ii) housing unit vulnerability,<sup>56</sup> and (iii) concentration of migrants from Venezuela.

In each municipality, the proposed Project will only select UPZs/neighborhoods that rank in the top 40 percent of vulnerability as per the HVI. Each municipality will lead the process of UPZ/neighborhood selection, which will be validated by MVCT. Selected UPZs/neighborhoods will benefit from a mix of all three investments under Component 1 of the proposed Project, specifically: (i) home improvement subsidies, (ii) rental subsidies for migrants from Venezuela, and (iii) neighborhood improvement investments. Each municipality will propose a mix of these investments based on the specific needs of selected UPZs/neighborhoods, which will be validated by MVCT.

- (b) **Identification of Eligible Beneficiaries.** The proposed Project includes a detailed beneficiary eligibility framework for both the home improvement and rental subsidy products applied in all selected UPZs/neighborhoods. The framework is presented in Table 3. The framework

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<sup>52</sup> PDET municipalities are 170 in total and refer to those most affected by the armed conflict.

<sup>53</sup> In municipalities without modern land use plans, the municipality is disaggregated by geographic sectors.

<sup>54</sup> The HVI is calculated applying the three sets 28 variables in each block per municipality. The DANE codes of each block can then be grouped in UPZ/neighborhoods for planning purposes.

<sup>55</sup> Household vulnerability variables cover household members and include age, education level, access to labor markets, ethnicity, presence of members with disability, and displaced or recently migrated.

<sup>56</sup> Housing unit vulnerability variables include characteristics such as access to basic services, quality of materials, and overcrowding.



establishes eligibility criteria focused on both the beneficiary and the underlying housing asset that would be subject to either home improvement or a rental subsidy. Specifically:

- **At the beneficiary level**, the eligibility criteria are focused on (i) identity, (ii) income, (iii) proof of vulnerability, and (iv) previous access to GoC housing subsidies as outlined in Table 3.
- **At the level of the housing unit**, the eligibility criteria are focused on (i) location, i.e. units are not located in areas not suitable for residential housing development - however, houses may be located in medium and low climate risks areas-; (ii) value of units; (iii) legal tenure; and (iv) compliance with basic housing standards; as outlined in Table 3.

Based on the eligibility criteria for beneficiary selection, municipalities will identify eligible beneficiaries in selected UPZs/neighborhoods through a process of community engagement and outreach. Municipalities will conduct several visits to prioritized neighborhoods, conduct a socioeconomic survey, and explain potential support options under the proposed Project to the population, including selection criteria and the process for requesting and receiving subsidies under the proposed Project. The HVI will further support municipalities in the process of beneficiary targeting through the application of spatial analytical tools to enable micro-targeting of vulnerable populations within each selected neighborhood at the block level.

Efforts will be made to ensure that all eligible residents in selected neighborhoods/UPZs have full and equal access to project information and eligibility criteria. Households that meet the eligibility criteria will be invited to apply for either the home improvement or rental subsidies on the website of the MVCT. Where beneficiaries lack access to digital services, municipalities can also apply on their behalf. Potential beneficiaries will have access to the project complaint and grievances management system. Upon the conclusion of this process, municipalities will submit to MVCT a shortlist of eligible beneficiaries for both the home improvement and rental subsidy products.

**Table 3. Eligibility Criteria for Housing Subsidies by Program**

Variable	Home Improvement Subsidy	Rental Subsidy	Means of Verification
<b>Household</b>			
<i>Identity</i>	Colombians and migrants from Venezuela with any official ID document		ID Document
<i>Income</i>	Less than 4 MW (US\$982 per month)	Less than 2 MW (US\$491 per month)	Self-declared and validated ex-ante by a socioeconomic survey of all shortlisted beneficiaries



Variable	Home Improvement Subsidy	Rental Subsidy	Means of Verification
<i>Proof of Vulnerability</i>	SISBEN <sup>57</sup>	SISBEN or based on socioeconomic assessment and vulnerability proof conducted by municipalities <sup>58</sup>	MVCT or Municipality verifies
<i>Prior support</i>	Not having received any previous housing subsidy.		MVCT verifies
<b>Housing Unit</b>			
<i>Location</i>	Not in (a) high-risk non-mitigable areas, <sup>59</sup> (b) environmentally protected areas, (c) areas without access to public services and without roads and other basic infrastructure that are served by other government programs.		MVCT verifies Municipality information in Municipal POTs
<i>Prior Support</i>	Not having received any previous housing subsidies		MVCT verifies
<i>Value</i>	Below US\$33,148 <sup>60</sup>	Not applicable	Municipality verifies <sup>61</sup>
<i>Legal tenure</i>	Legal occupant or owner	Rental contract	Municipality verifies <sup>62</sup>
<i>Housing conditions</i>	Qualitative deficit	Habitability conditions exist	Municipality verifies <sup>63</sup>

(c) **Selection of Beneficiaries.** Based on the shortlist of eligible beneficiaries submitted by municipalities, the MVCT will conduct a final confirmation of eligibility and selection, prioritizing households based on the following three criteria:

- Priority 1: will be given to households with (i) female-headed households, (ii) single parents with children and/or community mothers, (iii) a member with a disability, (iv) a member that is elderly, and (v) a member identified as Afro-descendant.
- Priority 2: will be provided to large families (with more than 3 children) or extended families (in the case of migrants from Venezuela).

<sup>57</sup> SISBEN (*Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales* - Potential Beneficiary Identification System) is “Colombia’s System for Identifying Potential Beneficiaries for Social Programs” by which a questionnaire with 77 questions is applied to households to assess their eligibility. The migration of all public assistance program to the SISBEN registry is a key strategic objective of the GoC. Currently, approximately 26 social programs use SISBEN to identify beneficiaries. Housing programs use parallel systems and are transitioning to SISBEN. The migration of both the home improvement and rental subsidy programs to the SISBEN social registry system, as such, reinforces an important GoC strategic focus on efficiency of targeting social assistance. The Bank intends to support the continued strengthening and modernization of SISBEN through a planned Program for Results (PforR) scheduled for Board in FY21.

<sup>58</sup> Only an approximate 10 percent of all migrants from Venezuela are registered under SISBEN. The inclusion of SISBEN as part of the criteria for eligibility is critical to encourage a continued mainstreaming of migrants from Venezuela into the social registry and assistance system. To ensure inclusion, municipalities will also conduct socioeconomic assessments in selected UPZs/neighborhoods to ensure that all eligible migrants are identified and will elaborate the vulnerability proof document.

<sup>59</sup> People living in houses located in non-mitigable high risk areas are subject to existing municipal resettlement. The final objective is to recover those areas to protect them from new interventions.

<sup>60</sup> According to Decree No.1467/2019 that establishes an exceptional value for VIS, of up to 150 MW (US\$36,832) in urban agglomerations with population exceeding one million inhabitants, such as Barranquilla, Bogotá, Bucaramanga, Cali, Cartagena, Medellín, as defined in CONPES 3819/2014.

<sup>61</sup> In the case of rental subsidies, it is the real estate agent who specifies/verifies.

<sup>62</sup> In the case of rental subsidies, it is the real estate agent who specifies/verifies.

<sup>63</sup> In the case of rental subsidies, it is the real estate agent who specifies/verifies.



- Priority 3: will be extended to households that were displaced due to the internal conflict.

48. The remaining available subsidies will be allocated through a lottery applied to all households that meet the eligibility criteria.

### Corporate Commitments

49. **Gender.** The proposed Project aims to contribute to the World Bank Gender Equality Strategy (2016–2023), specifically to Pillar II ‘Removing constraints for more and better jobs’. The proposed Project will focus on the gap in housing conditions and lack of public infrastructure that prevent women’s participation in the labor market.

50. **It has been estimated that the potential economic losses over the long term due to gender gaps in Colombia’s labor market amount to 17.6 percent in gross income per capita.**<sup>64</sup> The estimated productivity loss from women staying out of labor market amounts to 5.7 percent of the current GDP.<sup>65</sup> A major factor for women’s poorer inclusion in the labor market is domestic and household-related work, the primary responsibility for which falls on women. Women in Colombia spend more time on unpaid care work relative to men, which increases their work burden and affects their human capital accumulation, labor market participation, and overall well-being. In 2017, over 82 percent of women participated in unremunerated domestic and care work, compared to only 37 percent of men. On average, women work on these tasks 34.1 hours per week, compared to 18.4 hours among men.<sup>66</sup>

51. **Extensive literature demonstrates that improvements in home technologies, such as washing facilities, can increase labor supply, especially for women, freeing up time previously spent in the home.**<sup>67</sup> Conversely, poor housing conditions can place an additional burden on the free time available to residents, limiting their ability to actively participate in labor markets.<sup>68</sup> By improving the quality of the existing housing stock and enhancing effective access to childcare and recreational spaces for young kids,<sup>69</sup> the proposed Project aims to decrease the need for women to work on domestic chores and enable them to pursue other activities. Many studies have shown that expansion of access to childcare consistently leads to higher female labor force participation across countries.<sup>70</sup> Women may choose to spend this freed-up time to seek job opportunities or develop entrepreneurial activities. An indicator to

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<sup>64</sup> About one-fifth of this loss in GDP per capita derives from distortions in occupations held by women relative to men. The model estimation implies that two factors lead to the income loss: (a) a misallocation of entrepreneurial talent which affects the productivity of the economy and (b) women’s lower participation in the market which leads to the underutilization of the available human capital (Aggregate Effects of Gender Gaps in the Labor Market: A Quantitative Estimate, Cuberes and Teignier, 2016).

<sup>65</sup> Cashing in on Education: Women, Childcare, and Prosperity in Latin America and the Caribbean, Mateo Díaz and Rodríguez-Chamussy, 2016.

<sup>66</sup> Gender Assessment, Colombia, The World Bank Group, 2019.

<sup>67</sup> The Effects of Rural Electrification on Employment: New Evidence from South Africa, Dinkelman 2011; Women Empowerment and Economic Development, Duflo 2012.

<sup>68</sup> Enabled to Work: The Impact of Government Housing on Slum Dwellers in South Africa, Franklin, 2020.

<sup>69</sup> Through the construction of new integrated public facilities and through neighborhood upgrading interventions (as described in Subcomponent 1.2).

<sup>70</sup> The Impact of Access to Free Childcare on Women’s Labor Market Outcomes: Evidence from a Randomized Trial in Low-Income Neighborhoods in Rio de Janeiro, Barros et al. 2011; Studying preschool programs in Argentina, Berlinski and Galiani 2007; Child Care and Women’s labor Force Participation in Romania, Fong and Lokshin 2000; Household Childcare Choices and Women’s Work Behavior in Russia, Lokshin 2000; Public Day Care and Female Labor Force Participation: Evidence from Chile, Medrano 2009; Public Preschool and the Labor Supply of Arab Mothers: Evidence from a Natural Experience, Scholsser 2011.



measure the percentage of women with increased time to seek job opportunities or develop entrepreneurial activities is included in the Results Framework, specifically 'Women with increased availability to seek and/or participate in paid work opportunities and entrepreneurship activities (percentage)'. This will be measured through a survey of beneficiaries.

52. **In addition, the community mothers who will also benefit from the improved housing conditions will have the ability to provide enhanced childcare services and thus allow other mothers to participate in the labor force.** Actions to support their participation in designing the community spaces to enhance childcare opportunities have been included under Subcomponent 1.2. The outcomes will be measured indirectly in the following intermediate indicator: 'Number of people provided with improved urban living conditions'.

53. **Climate co-benefits.** Climate change adaptation is targeted through the appropriate selection of investments locations, based on POTs which provide regulations considering climate related hazards. This will ensure that investments are made in locations with acceptable risk conditions, guaranteeing that exposure, and therefore risk, is not increased, including that posed by climate change. In addition, the use of appropriate designs and construction techniques will ensure a better response of the structures to climate-related hazards. The project seeks to use processes and materials for low energy consumption as well as the design of interventions that promote energy efficiency as established in the sectoral mitigation action plan for the housing sector and land development of Colombia, thus aligning with climate change mitigation objectives. By incorporating energy efficient and sustainable design, housing solutions will generate savings for families, increase comfort and well-being and contribute to emissions reduction. The neighborhood upgrading and infrastructure investments will contribute to create environmentally sustainable spaces including green infrastructure, the use of climate resilient materials and energy efficient measures for climate change mitigation and risk reduction.

54. **The project is also expected to contribute to climate adaptation and mitigation efforts by strengthening GoC's capacity to promote housing resilience,** ensuring the use of processes and materials of low energy consumption as well as the design of interventions that promote energy efficiency in selected municipalities. These activities also intend to support the formulation of guidelines for adaptation to climate change and disaster risk management to guide participating municipalities to incorporate and/or review climate change aspects during the implementation and revision of their POTs<sup>71</sup>.

55. **Citizen engagement.** The proposed Project seeks to ensure adequate citizen engagement under Component 1 through Stakeholder Engagement Plan (SEP) and adopting an integrated GRM. The proposed Project includes a communications strategy to raise awareness at the community level and engage beneficiaries in a sustained dialogue around the proposed Project and its associated benefits. The strategy will promote the active and ongoing participation of beneficiaries in project design and implementation, including migrants, women, youth, Afro-descendants and disabled community members to consider their needs and preferences. Specific communication campaigns will be developed through channels accessible to migrants from Venezuela, as they tend to have limited access to mainstream media. Communication channels will include radio, WhatsApp, email, physical mail, and video clips, among others. They will emphasize the positive aspects of migration and encourage activities to enhance social

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<sup>71</sup> In compliance with Resolution No. 431/2020 issued by the MVCT (Comprehensive Plan for Sectoral Climate Change Management - PIGCCS) and Law No. 1523/2012 (National Plan for Disaster Risk Management).





inclusion through infrastructure and physical spaces to promote community activities involving both host and migrant groups.

56. **In Colombia, housing and urban management programs implemented by the GoC need to include social support for vulnerable households.** Accordingly, the MVCT<sup>72</sup> and territorial entities will cover the following aspects: (a) community organization during the execution of housing projects; (b) adoption and care of new areas within the community; and (c) actions to promote inclusion and entrepreneurship to improve households' income, especially among women. As established under the CDVD program framework, the proposed Project will incorporate social support activities, including workshops and meetings to provide information before and during home improvement and infrastructure interventions, to support beneficiaries in the preparation of documents required to apply for subsidies and to inform them of the steps for the diagnosis, the scope of works, the planned timeline, and the presence and visit of contractors and workers from works supervisors. In addition, easily accessible points of contact will be established for household beneficiaries to clarify any concerns or questions. Indicators to measure beneficiaries' satisfaction and closing of the feedback loop are included in the Results Framework and will provide insights on project implementation.

57. **Under Component 2, the proposed Project seeks to support national and participating municipalities' efforts to engage citizens' views in project design and implementation.** In addition, an indicator on the implementation of the GRM is included in the Results Framework to track the extent to which citizens' feedback is addressed on time.

### C. Project Beneficiaries

58. **The proposed Project aims to benefit approximately 246,687 vulnerable households and 785,769 beneficiaries.** Specifically, the beneficiaries of the proposed Project aims to include (a) 12,706 low-income households (approximately 39,389 people<sup>73</sup>) living in poor quality housing—8,280 in urban areas and 4,426 in rural areas—of which 5,080 are female headed households; (b) 10,276 migrant households from Venezuela (approximately 36,788 migrants<sup>74</sup>) benefitting from the rental subsidy, and (c) 223,705 households (approximately 709,592 people<sup>75</sup>—of which 283,800 are women) including 33,556 migrant households (approximately 120,130 migrants from Venezuela) in areas where infrastructure and neighborhood upgrading interventions will be carried out. Other institutional beneficiaries will include units within the MVCT (Department of Housing System [*Dirección del Sistema Habitacional*, DHS], Department of Rural Housing [*Dirección de Vivienda Rural*, DVR], Department of Social Interest Housing Investments [*Dirección de Inversiones en Vivienda de Interés Social*, DIVIS], and DEUT); Fonvivienda; and its local counterparts, which will benefit from improved institutional capacity and strengthened instruments to promote resilient housing and social inclusion.

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<sup>72</sup> In coordination with the Department of Social Prosperity.

<sup>73</sup> The calculation of people is based on the national average household size, which is of 3.1 people per household, according to the DANE 2018 National Census of Population and Housing.

<sup>74</sup> The calculation of people is based on the national average household size with a member that resided in Venezuela in the last 5 years, which is 3.58 people per household, according to DANE 2018 National Census of Population and Housing.

<sup>75</sup> The calculation of people is a combination of the national average household size, which is of 3.1 for households in general, and 3.58 for households where a member resided in Venezuela in the last 5 years, according to DANE 2018 National Census of Population and Housing. 15% of the total benefited population is considered migrant population.



59. **The proposed Project will work to specifically benefit households and communities which are typically marginalized due to economic barriers or lack of access to resources to live in good quality housing.** In this context, the proposed Project aims to provide and measure fair and equitable access to program benefits among different social groups, specifically those that would be considered disadvantaged or vulnerable, including but not limited to female-headed households, single-parents, and households with members with disabilities and/or Afro-descendants.<sup>76</sup>

60. **Indirect beneficiaries include those employed in home improvement and public space construction under the proposed Project; the residents of targeted municipalities, the private sector, and GoC institutions at national, departmental, and municipal levels concerned with providing services in the targeted communities.** The job multiplier of housing investments in home improvement is estimated to average 3.65 in Colombia, almost twice the multiplier in the large-scale formal housing development (1.98).<sup>77</sup> This difference is explained by the fact that home improvement activities are more intensive in less qualified labor and thus requires higher interactions with other sectors in order to produce one monetary unit of output. These indirect beneficiaries are expected to benefit from an improved housing microfinance sector, a complete informal settlements database, geospatial housing databases, improved knowledge for better land use and territorial planning, improved knowledge to increase energy efficiency and lower greenhouse emissions, and job opportunities. Private sector enterprises, particularly small and medium size, are also expected to benefit from contracts to improve home conditions and from building infrastructure.

61. **Long-term public health benefits are anticipated from reduced overcrowding (and subsequent reduced chances of disease contraction).** The proposed Project will aim to reduce instances of crowded and unsanitary housing, which is expected to contribute to slowing down the spread of disease and make the implementation of preventive measures such as physical distancing and frequent handwashing more possible. Moreover, project interventions will work to reduce poor quality housing conditions such as mold, dampness and household air pollution (from cooking, heating and lighting), thereby contributing to decreased risk of respiratory disease.

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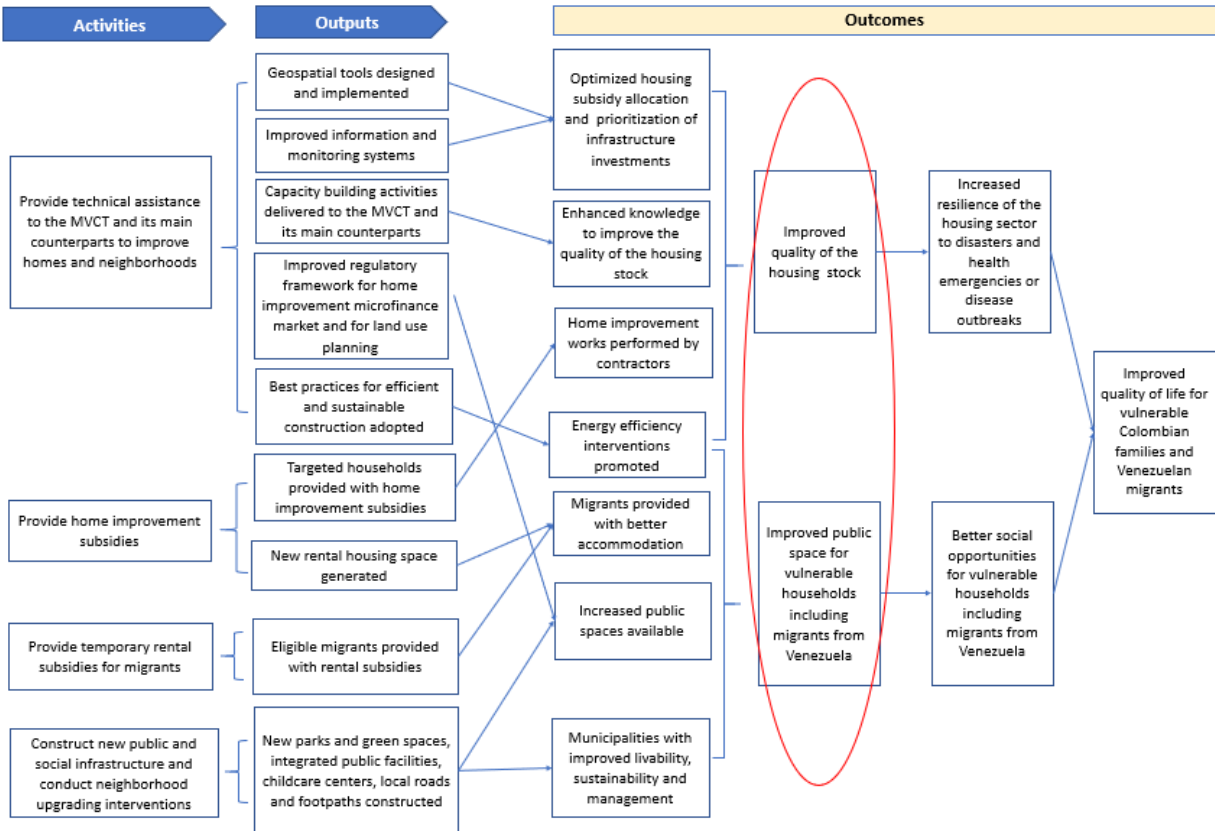
<sup>76</sup> Afro-descendants represent the 10 percent of the total country population and are the biggest ethnicity group in Colombia (DANE 2018). In some of the municipalities prioritized by the project - Cali, Buenaventura, and Cartagena – they even represent the 40 percent of the total population. The incidence of the Housing deficit in Afro-descendants (56.2%) is significantly larger than the national average (36.6%).

<sup>77</sup> *Fundación para la Educación Superior y el Desarrollo - Centro de Investigación Económica y Social n Superior y el Desarrollo* (Fedesarrollo 2020).



D. Results Chain

**Problem Statement:** Vulnerable households living in poor quality housing units. Increased demand of public space due to the migration flow.



**Critical Assumptions:**

- A1. Service providers (contractors) capacity and quality available at local levels.
- A2. GoC's interest in addressing migrants from Venezuela needs continues to be strong.
- A3. Good coordination and cooperation among key institutions involved.
- A4. Economic growth recovery post-COVID-19.
- A5. Integrated actions like improving quality of the housing stock and public space for vulnerable households continue to support social cohesion between migrants and hosted communities.



## E. Rationale for Bank Involvement and Role of Partners

62. **The Bank intervention will support the improvement of living conditions in homes and neighborhoods for poor households**, which in turn is expected to reduce poverty, support the creation of jobs in home and infrastructure construction in the post-COVID-19 era,<sup>78</sup> enhance social inclusion and the quality of life of Colombians and migrants from Venezuela, increase resilience to disasters and future health emergencies or future disease outbreaks and as such, expected to diminish life losses and increased future costs in health services or reconstruction.

63. **The World Bank's support to this proposed Project draws on its global knowledge and experience in comprehensive housing solutions for low-income households**, through a range of advisory support, policy advice, and investment instruments, including recent and ongoing engagements in Indonesia, Mexico, Brazil, India, Vietnam, Egypt, and Morocco. Key characteristics of successful World Bank engagements in the housing sector include leveraging private sector resources, ensuring well-targeted use of public resources, and enabling a transparent regulatory environment. More recently, the World Bank has also been providing technical support in the implementation of home improvement programs in Guatemala, Colombia, Peru, Mexico, Saint Lucia, Sint Maarten, Indonesia, and Paraguay – by developing a methodology to create 'housing profiles' and identify housing units in-need of improvements.

64. **The proposed Project benefits from multiple technical assistance activities supported by the World Bank.** Specifically, the Bank has been supporting GoC through: (a) the "Resilient Housing in Colombia ASA" (P171734); (b) the Global Partnership for Results-Based Approaches (GPRBA) technical assistance for improving housing resilience; and (c) the Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries for Resilient Housing in Latin America. Supported activities have included: (a) an analysis of existing housing programs (CDVD, SDP, *Mi Casa Ya*); (b) defining the approach and operability for allowing access to subsidies for migrants from Venezuela; (c) identification of migrant households from Venezuela and their characteristics within the country; (d) geospatial analysis and prioritization of infrastructure investments and neighborhoods upgrading needs in urban, peri-urban and rural areas; (e) household vulnerability analysis of the population at the block level and geographic targeting for the implementation CDVD; and (f) preparation of guidelines for the definition of micro-finance products that could be connected to subsidies granted by Fonvivienda.

65. **The proposed Project will benefit from both a GPG grant and GCFF concessional financing to support the intended project focus on migrants from Venezuela and host communities.** The US\$15 million grant from the GPG and support in the amount of US\$21.7 million from the GCFF will enable GoC to significantly expand the scope of the proposed Project to attend to vulnerable migrants from Venezuela and fragile host communities highly impacted by the influx of migrants. As such, these sources of concessional financing will support GoC to provide a critical public good in attending to cross-border migrants. GPG funding will be approved by the Board as part of this complete package. The GCFF, which provides concessional financing for a coordinated international response to middle-income countries

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<sup>78</sup> In line with the 'World Bank Group COVID-19 Crisis Response Approach Paper – Saving Lives, Scaling-Up Impact and Getting Back on Track', June 2020.



facing migrants and refugee crises, has evaluated the project design and decided to fund up to US\$21.7 million in concessional support.

#### **Box 2. Global Concessional Financing Facility (GCFF)**

The GCFF is a partnership sponsored by the World Bank, the United Nations (UN), and the Islamic Development Bank Group (IsDB) to mobilize the international community to address the financing needs of middle-income countries hosting large numbers of refugees. By combining donor contributions with multilateral bank loans, the GCFF enables eligible middle-income countries that are facing refugee crises to borrow at below-regular multilateral development bank rates for providing global public good. The GCFF represents a coordinated response by the international community to the Syrian and Venezuelan refugee crisis, bridging the gap between humanitarian and development assistance and enhancing the coordination between the UN, donors, multilateral development banks, and benefitting (host) countries. The GCFF includes Jordan, Lebanon, Colombia, and Ecuador as benefitting countries. The GCFF is currently supported by Canada, Denmark, the European Commission, Germany, Japan, Netherlands, Norway, Sweden, the United Kingdom, and the United States.

#### **Box 3. Fund for Innovative Global Public Goods Solutions**

In line with its Capital Package commitment, IBRD launched the Fund for Innovative Global Public Goods Solutions (the 'GPG Fund') in June 2019 as a three-year pilot, and in FY20 completed its first year of implementation. Also, in line with the Capital Package commitment, on October 1, 2019, IBRD's Board of Governors approved a transfer of US\$45 million from surplus to the GPG Fund. During FY20, three projects that promote innovative solutions to addressing climate change mitigation and adaptation and preventing spillover effects of FCV situations were selected to receive the US\$45 million allocation. Projects were selected based on additionality, innovation, replicability, and sustainability criteria. Allocation decisions will be finalized as the projects obtain Board approval. In August 2020, Governors approved a US\$20 million transfer from IBRD surplus to the GPG Fund as part of FY20 surplus allocation for new IBRD projects with innovative GPG components in FY21. Management intends to learn from the pilot implementation to improve the design of the GPG Fund and to contribute to global knowledge on effective GPG delivery.

### **F. Lessons Learned and Reflected in the Project Design**

66. **The proposed Project benefits from the World Bank's global knowledge, program experience and lessons learned in helping governments manage migrant and refugee crises, and in mobilizing concessional finance for host countries and communities.** In select cases, the World Bank has supported project interventions for improved urban planning, infrastructure and housing solutions in areas experiencing a high influx of refugees (for example, in Jordan, Lebanon, Rwanda, and Turkey, amongst others). These experiences have enabled the development of diagnostic methodologies and programmatic responses to alleviate increased pressures on local housing markets. Furthermore, the World Bank has experience with certain social integration programs targeting forcibly displaced and marginalized populations (for example, in Djibouti, Kenya, Uganda, Northern Nigeria and Jordan, amongst others). This global experience has informed the design of project activities under Subcomponent 1.2.



67. **The project design reflects lessons learned from previous analytical work, academic literature and international good practices and considers the following facts:**

- (a) **Home improvement can generate important benefits to the economy.**<sup>79</sup> Housing construction and home improvement works at scale increase demand for professional, skilled, semi-skilled, and unskilled labor and tend to provide stimulus to micro and small businesses, in particular. The proposed Project will work to support basic, affordable and rapid solutions or home expansion works that can be implemented in the immediate relief and response phase to the COVID-19 pandemic. As such, project interventions will aim to directly improve living conditions, create jobs for lower skilled construction labor (e.g., plumbers, masons, and carpenters) and micro and small businesses, and catalyze local economic activity.
- (b) **Focusing on improving housing resilience can be more cost-effective than focusing on new housing or reconstruction.** World Bank Post-Disaster Needs Assessments in multiple countries have revealed that the housing sector can comprise anywhere between 36 to 93 percent of total damages and losses. Further estimates suggest that reconstruction costs are 4 to 10 times that of prevention costs. Thus, while home improvement subsidies are operationally more complex to manage than those oriented to construction and acquisition of new housing units, they tend to be more effective at reducing expenditures, improving housing resilience, saving lives, protecting assets, and strengthening the economy in the long-term.
- (c) **Home improvement respects household preferences and social practices and protects against environmental impacts.** Home improvements can help keep communities together, by strengthening the existing social fabric of neighborhoods and supporting household preferences. Moreover, home improvement generates lower greenhouse emissions than building new units and, when energy efficient technologies are introduced, can also generate monetary savings to families.
- (d) **COVID-19 is deepening vulnerabilities, underscoring the importance of homes as critical family assets and livable, healthy shelters.** Among many of its adverse effects on virtually all economic and social activities and dimensions of people's well-being, COVID-19 has shown that poor and vulnerable households living in overcrowded units and dense, slum-like neighborhoods with poor sanitary conditions are disproportionately at risk of contagion. Emerging global evidence demonstrates that overcrowding and poor-quality housing is highly correlated with COVID-19 infection and mortality rates<sup>80</sup>. The proposed Project includes home improvement subsidies that will support investments aiming to increase housing quality to help safeguard families from COVID-19 – by enabling them to safely follow 'stay at home' orders, frequently wash hands as well as self-isolate when necessary. Improved homes can also offer environments conducive to productive schooling and remote

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<sup>79</sup> A Simple Error Correction Model of House Prices, Malpezzi 1999.

<sup>80</sup> In the UK, for example, a strong positive correlation has been shown between overcrowding, deficit and homelessness and both contagion and mortality. Similar conclusions have been reached in studies in the U.S. and Canada.



working. A home's internet connectivity, air quality and proper ventilation are now all critical to the success of lockdown measures and contagion control.<sup>81</sup>

- (e) **Rental subsidies are an efficient mechanism for providing housing solutions while supporting the local economy and promoting social integration.** Technical work undertaken in preparation of the proposed Project<sup>82</sup> indicates that as migrants from Venezuela seek to integrate in the Colombian urban fabric, rental subsidies can quickly enable them to find houses close to jobs and within existing communities. While solutions such as temporary camps have been a standard approach in the past, communities and implementing organizations are increasingly turning to more permanent solutions that provide benefits to both migrants and host communities. The report notes that programs that combine rental assistance with home improvement have proven successful in both developing and developed countries. The study further concludes that these efficient solutions are especially important in a time of pandemic as finding adequate and safe housing for vulnerable households can help curb the spread of disease and save lives.
- (f) **Social infrastructure is critical to supporting the integration of migrants into the greater urban fabric.** Beyond access to housing and basic social services (e.g. health and education), migrants require access to public infrastructure and programs which support their integration within their host community. Studies have shown that these types of investments can enable both migrants and the local community to come together, connect over common forms of identity, share activities and hobbies, and gradually create cohesion. Moreover, these social activities help migrants and refugees successfully integrate into the labor market and generate economic growth.<sup>83</sup> As outlined in the report *Infrastructures for Reception: How Public Infrastructure can Support Social Integration of Migrants and Refugees*<sup>84</sup>, investments in social infrastructure such as parks and green spaces, community centers, libraries, and sports centers can serve as critical means in not only ensuring the integration of newcomers, but also to the long-term economic prosperity of cities and their residents.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

68. **The proposed Project will be implemented by the MVCT through a Project Implementation Unit (PIU).** The PIU will be responsible for overall coordination and technical oversight of the proposed Project and will ensure compliance with fiduciary management, reporting requirements, and monitoring activities, including implementation of the environmental and social management plans.

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<sup>81</sup> Despite these collective needs, 90 percent of the households in the developing world can not comply with the World Health Organization's recommended guidelines related to adequate, safe and healthy housing. "Can the World's Poor Protect Themselves from the New Coronavirus?" Martin Ravallion, Caitlin Brown, Dominique van de Walle, 2020.

<sup>82</sup> The World Bank and Affordable Housing Institute, April 2020.

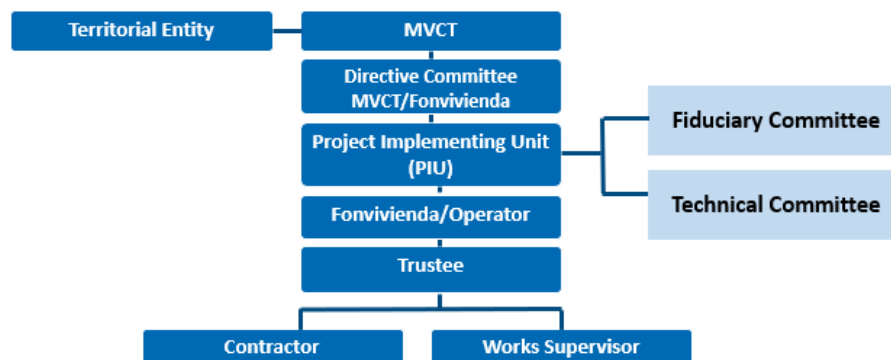
<sup>83</sup> 'How do refugees use their social capital for successful labor market integration? An exploratory analysis in Germany' in Gericke et al. 2018.

<sup>84</sup> The World Bank and Miyamoto International Inc., April 2020.



69. The proposed Project will rely on an implementation model that has been successfully used for a decentralized and large-scale delivery of housing programs in Colombia, which allowed the GoC to mobilize US\$6.3 billion for housing subsidies between 2012 and 2019. The MVCT, through Fonvivienda will hire a trustee and create an autonomous trust. MVCT and Fonvivienda will create two committees — a Fiduciary Committee and a Technical Committee — which will be responsible for the implementation of Subcomponent 1.1, including managing subsidy resources and contracting the entities responsible for carrying out and overseeing home improvement works. A similar mechanism will be implemented for Subcomponent 1.2, for the construction of public spaces and integrated public facilities. Neighborhood upgrading interventions under Subcomponent 1.2 will be executed by the MVCT, through the DEUT. Due to the MVCT legal framework, in this case the MVCT will first select an operator/*Gerencia Integral* and enter into an agreement with it (by signing the Operator Agreement). The operator/*Gerencia Integral* will afterwards select and hire a trustee for managing resources and implementation.

Figure 1. Institutional Arrangements for Project Implementation (Component 1)



70. Overall, for the implementation of Component 1, which accounts for 82 percent of project funding, five trustees will operate through five autonomous trusts to manage resources for: (a) home improvement subsidies in urban areas; (b) rental subsidies; (c) home improvement subsidies in peri-urban and rural areas; (d) social and public infrastructure executed by MVCT/Fonvivienda; and (e) social and public infrastructure and neighborhood upgrading interventions executed by MVCT/DEUT. Fonvivienda has already hired two trustees, one for (a) and one for (b) for current programs related to home improvement subsidies and to rental subsidies.<sup>85</sup> The hiring processes according to the settlor (MVCT/Fonvivienda) instructions for all trustees are planned to be completed within the first six months of project implementation. A single autonomous trust for the execution of interventions cannot be used given the different nature of the programs, their legal basis, and their execution characteristics.<sup>86</sup> The specific implementation details of the proposed Project are specified in the Operational Manual. A detailed description of project implementation and the roles and responsibilities of all stakeholders are included in Annex 1.

71. Components 2 and 3 will be directly implemented by the MVCT, through the PIU.

<sup>85</sup> The two trusts could channel more than half of the loan disbursements. Establishing the remaining trusts could take from 8-12 months after the loan is signed.

<sup>86</sup> As established in Decree No. 1077/2015.





## B. Results Monitoring and Evaluation Arrangements

72. **The Results Framework describes the PDO-level and intermediate indicators., which have been selected based on a review of good practices across other World Bank projects, data availability, and the inclusion of gender, climate change, and citizen engagement corporate priorities.** An M&E specialist in the PIU will lead the effort to collect, consolidate, analyze, and report on project performance data as well as to provide periodic information on intermediate project-wide results and progress toward higher-level outcomes. The MVCT has a robust information system regularly maintained and updated and will provide key information for supervision and monitoring. Progress reports will cover: (a) physical and financial progress achieved against agreed indicators (presented in section VII); (b) issues and problem areas, including remedial actions; and (c) work programs and cost estimates for the following year, including the implementation and impact of various components and environmental and social standards. Follow-up surveys will be carried out during implementation and at the end of the proposed Project; the results will be incorporated into project activities to continuously improve processes.

## C. Sustainability

73. **There is a high level of political support and buy-in from GoC agency stakeholders, as the proposed Project is directly aligned with the NDP.** The GoC has the necessary legal framework, policies, and institutions to ensure proper project implementation. All project investments, including subsidy allocations, over the full life of the proposed Project are reflected in the country's medium-term fiscal framework and as such the investment program, including subsidy allocations, are considered fiscally sustainable.

74. **Cooperation Agreements between national and local governments (departments, districts, and municipalities) will ensure local ownership and project sustainability.** Using Cooperation Agreements, the GoC commits to provide housing subsidies or conduct infrastructure investments in municipalities, while departments and municipalities commit to support the process and assume associated costs related to downstream operations and maintenance. These agreements are the basis for sound implementation and investment sustainability.

75. **Measures to ensure the sustainability of the proposed interventions targeting migrants and host communities have been integrated into the proposed Project.** These include expanding the eligibility of housing subsidies to include migrant households and host communities through the mainstreaming of these aspects into government policy; implementing the specific neighborhood infrastructure investments according to local land use and investment plans, to ensure that maintenance needs are integrated into a municipal medium-term investment planning; planning and implementing both home improvement and neighborhood infrastructure investments with cost-effective technical criteria; and subjecting the provision of rental subsidies to migrant households to continuous monitoring and technical oversight. The resulting information will be used to inform the ongoing review and updating of the subsidy policy.

76. **Financial sustainability of investments will be based on the sustainability of assets and programs being supported:** (a) sustainability of the assets being supported implies more resilient assets (seismic resistant building standards, among others) and the integration of urban infrastructure assets, operations and maintenance into municipal operating expenses (OPEX) plans, (b) programs will be



sustainable to the extent fiscal resources are available, like any subsidy or cash transfer program. This is particularly the case for rental subsidies. Given the unprecedented economic downturn, there is an urgent need to sustain migrant population in the COVID-19 context. As the economy stabilizes, it is expected that families will recover income and further integrate into local housing markets.

77. **Institutional sustainability will be enhanced through intensive capacity-building efforts at the national and local levels to support GoC capacities to plan and execute regular maintenance of housing and public infrastructure.**

#### IV. PROJECT APPRAISAL SUMMARY

##### A. Technical, Economic and Financial Analysis (if applicable)

78. **The design of the proposed Project builds on results from a technical study carried out by the World Bank** in January 2019 which concludes that the three most significant sources of pressure on the housing market in Colombia are: (a) the low quality of the existing housing stock; (b) vulnerability to disasters and climate change-related phenomena; (c) pressures associated with the influx of migrants from Venezuela.<sup>87</sup> COVID-19 introduces an important further stress on housing markets and access to affordable and safe housing as a result of diminishing purchasing power of household and the public health imperative to improve access to basic services and housing quality.

79. **The proposed Project builds on Colombia's legal and institutional framework that supports an efficient housing subsidy scheme for the most vulnerable households.** This framework has allowed the GoC to attract significant private sector participation (e.g. developers, banks and insurance companies) and deliver housing solutions at scale. The project design has leveraged the experience and existing platforms developed by the GoC, which have efficiently disbursed significant volumes of housing subsidies over the past two decades. Specifically, the proposed Project supports two new programs, CDVD and SDP. Key characteristics of interventions supported under the proposed Project include: (a) the identification and eligibility criteria of beneficiary households used by CDVD and SDP ensure the project targets households in the bottom 40 percent of the income distribution, including migrants from Venezuela; (b) the subsidy assistance amount has been established according to the estimated costs of qualitative improvements (CDVD) and rental costs (SDP); and (c) the delivery system—where MVCT/Fonvivienda hires a trustee to manage resources, contracts the entity responsible for operating the CDVD program, and provides technical assistance—ensures transparency, efficiency, and quality in all housing interventions supported by the proposed Project. The proposed Project offers an effective tool to improve the living conditions of the poor, stabilize communities, and increase the value of homes. Leveraging existing technology and incorporating the use of digital tools will increase transparency, efficiency, and quality of design. Continued innovation and adoption of technical tools will be an essential key to scaling the program.

80. **The World Bank has provided analytical and advisory support to the GoC** for the preparation of the CDVD Program Operational Manual, the design of the rental subsidies and rural housing policy, in the

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<sup>87</sup> *Vivienda Digna para Todos*, World Bank, January 2019.



analysis of alternatives for supporting the most vulnerable population including migrants, and in the analysis of public infrastructure and neighborhood upgrading interventions.

81. **Economic analysis.** An economic analysis was conducted focusing on Component 1, which utilizes 82 percent of project funds. For Subcomponent 1.1, the methodology assesses the benefits from the provision of improved homes through (a) the nominal value of real estate assets; (b) the rental value of real estate assets; (c) the value of real estate assets after improvements are carried out; and (d) the impact on living conditions of households, measured by reduced absence from work and school and reduced hospitalizations. Cost estimates include the value of the subsidy as well as taxes and provisional rental costs associated with home improvement interventions. The temporary rental subsidy was considered as a direct transfer to Venezuelan migrant households for humanitarian reasons. For Subcomponent 1.2, benefits derived from the construction of public and social infrastructure and neighborhood upgrading interventions were estimated by their impact on the value of properties located in their area of influence through hedonic price models used in case studies for infrastructure supporting social cohesion between migrant and hosted communities and several projects in Latin America.

82. **The results of the economic analysis show that the proposed Project has a net present value (NPV) of US\$50.65 million, an internal rate of return (IRR) of 15.5 percent, and a benefit-cost ratio of 1.29.** See Table 4.

Table 4. Summary of Economic Analysis Results

Subcomponent	NPV Costs (US\$, millions)	NPV Benefits (US\$, millions)	NPV (US\$, millions)	Benefit-Cost Ratio	IRR (%)
Subcomponent 1.1.	142.56	182.51	39.95	1.28	15.8
Subcomponent 1.2.	33.21	43.92	10.70	1.32	14.6
<b>Total Component 1</b>	<b>175.78</b>	<b>226.44</b>	<b>50.65</b>	<b>1.29</b>	<b>15.5</b>

83. **Improving neighborhoods and the quality of the existing housing stock can also have other multidimensional impacts:**

- (a) **Home improvements can help curb the spread of disease, including COVID-19.** Vulnerable households are at a higher risk of contracting and spreading the coronavirus. For families with limited access to clean water, it is next to impossible to adopt preventive measures recommended by the World Health Organization such as frequent handwashing and social distancing. Investing in home improvements will allow households to expand their homes and avoid overcrowding and/or develop an alternative source of income through rental.
- (b) **Home improvements can play a key role in economic recovery and enhance women’s economic empowerment.**<sup>88</sup> The COVID-19 pandemic, together with poor quality housing, has created, or made worse, women’s living conditions, including gender-based violence and heightened reproductive health risks. Home improvement works generate employment

<sup>88</sup> Gericke et al. 2018.



opportunities and enable economies to bounce back faster. Fedesarrollo<sup>89</sup> estimates that employment created by home improvement investments generates a job multiplier effect larger than traditional large-scale housing developments (3.64 vs 1.98). Studies<sup>90</sup> have shown that providing access to formal housing has a positive impact on multiple dimension of social and economic integration, including earnings and employment, especially for women who often have more tenuous forms of employment and carry out most of the household-related work.

- (c) **Home improvements can reduce disaster risk.** The estimated damages and losses caused by disasters in the last two decades are equal to a decade of the GoC's investment in housing programs.<sup>91</sup> In 2016, the GoC adopted the New Urban Agenda<sup>92</sup> that highlights the need to invest in resilient housing. With 87 percent of the housing units in Colombia exposed to seismic risk, home improvement that enhance sanitary and living conditions need to be combined with measures to increase physical security.<sup>93</sup> Structurally safer homes can also significantly reduce losses of life among women and children, who have been found to be 14 times more at risk during a disaster<sup>94</sup> than adult men.

84. **Housing interventions can also play a key role in supporting the immediate needs of migrants and improving their social integration into host areas.** Rental subsidies can significantly reduce the risks of homelessness for migrants, giving them basic stability and conditions to gain self-sufficiency. Supporting local landlords to improve and expand existing housing units can be an efficient way of increasing the housing stock and supporting the local economy. Rental subsidies, in turn, can help migrants find accommodation close to jobs and support their long-term social integration. In addition, the development of infrastructure and neighborhood improvement could increase as between migrants and host communities through three main mechanisms: (a) the provision of this much needed infrastructure in low-income areas creates a positive 'migration dividend' by bringing assets to host communities and improving perceptions toward migrants from Venezuela and their arrival and settlement into these communities; (b) the provision of this infrastructure for common use by migrants and locals (especially parks, libraries, and community spaces) creates space and opportunities for interaction, thus creating and strengthening social ties; and (c) these investments can strengthen common elements of identity and thus reduce the risks of xenophobia and social fragmentation. Child and family centers can also promote social ties among locals and migrants as parents and youth centers can strengthen connectedness among this demographic group, which tends to be harder to integrate.

85. **Providing housing solutions for migrants from Venezuela will not only support the direct needs of newcomers but also have positive impacts on housing quality and overall living conditions.** Home improvement programs benefit local communities which see their home values increase and their

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<sup>89</sup> *Fundación para la Educación Superior y el Desarrollo - Centro de Investigación Económica y Social n Superior y el Desarrollo* (Fedesarrollo 2020).

<sup>90</sup> *Enabled to Work: The Impact of Government Housing on Slum Dwellers in South Africa*, Franklin, 2020.

<sup>91</sup> *Vivienda Digna para Todos*, World Bank, 2019.

<sup>92</sup> The New Urban Agenda was adopted by the country—since the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) held in Quito in 2016—as a central guideline to achieve the Sustainable Development Goals by 2030.

<sup>93</sup> *Technical Assistance on Resilient Housing in Colombia (P171734)*, *Global Program for Resilient Housing (P167747)*, and the *Technical Assistance for Improving Housing Resilience in Colombia*.

<sup>94</sup> *Reaching Out to Women when Disaster Strikes*, White Paper, Peterson, K., Soroptimist, 2007.



neighborhoods improve. Local homeowners – including women - gain an additional source of income by expanding their homes for rental. The overall housing stock is not only improved but also increased, creating benefits not only to migrants seeking housing options but also to the local community overall.

## B. Fiduciary

### (i) Financial Management

86. **The Financial Management Assessment (FMA) of the MVCT, as the implementing agency, was carried out for the implementation of the Colombia Resilient and Inclusive Housing Project, according to the World Bank's policy OP/BP<sup>95</sup> for Investment Project Financing (IPF).** The FMA considered aspects related to the general capacity to manage the project FM aspects, including managing of flow of funds, budgeting, accounting and reporting, internal controls, and auditing, to ensure that FM arrangements: (a) are capable of correctly and completely recording all transactions and balances relating to the proposed Project; (b) facilitate the preparation of regular, timely, and reliable financial statements; (c) safeguard the project's assets; and (d) are subject to auditing arrangements acceptable to the World Bank.

87. **The MVCT has experience in implementing housing programs and assigning housing subsidies through Fonvivienda, with the capacity to manage the proposed Project's fiduciary aspects.** Furthermore, it has experience executing World Bank projects and knowledge about World Bank project fiduciary requirements. The MVCT has the capacity to manage FM aspects, including budgeting, accounting, and reporting, using the financial and administrative system SIIF (*Sistema Integrado de Información Financiera*, the Financial Management Information System in place for the central government institutions). The proposed Project's annual financial statements will be audited by a private firm under terms of reference (ToR) acceptable to the World Bank. In addition, the MVCT also has sound internal controls (including fiduciary risk procedures) and financial policies and procedures and is subject to external audit by the Office of the Comptroller General of Colombia.

88. **The proposed Project has three components; for Component 1 and according to legal and technical needs, the MVCT and Fonvivienda will hire an Operator/*Gerencia Integral* and fiduciary agents to manage the project flow of funds through Fiduciary Agent Agreements on terms and conditions which must be acceptable to the World Bank.** Fonvivienda is the entity that manages the budget resources for the allocation of subsidies within the MVCT through the current model for a decentralized and massive delivery of housing programs. For Components 2 and 3 the flow of funds will be directly managed according to the MVCT policies and procedures.

89. **FM issues that need to be addressed before project execution include the following:** (a) ensure that an approved budget for the first year of implementation (Colombian fiscal year 2021) is added to the entity's budget, both (i) loan along with concessional financing, and (ii) GPG grant resources, in accordance with the deadlines established in the country's budget policies and procedures; (b) for rental subsidies in Subcomponent 1.1, given that the program implies cash transfers to rental beneficiaries through disbursements to the lessor; FM arrangements for disbursements procedures and controls will ensure

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<sup>95</sup> Operational Policy/Bank Procedure.



that rental subsidies are paid to eligible beneficiaries. The overall FM risk for the proposed Project is rated Moderate.

**(ii) Procurement**

90. **The procurement of works, goods, non-consulting services, and consulting services under the proposed Project will be conducted applying the Procurement Regulations for IPF Borrowers** (July 2016, revised November 2017 and August 2018).

91. **Procurement capacity assessment.** An assessment of the MVCT capacity was conducted. The assessment concluded that the entity has the capacity to implement the project procurement-related activities, providing it has a team that includes experienced procurement professionals, as part of the PIU, with sufficient experience in carrying out procurement processes under guidelines and/or regulations of the World Bank, who will provide security, efficiency, and effectiveness in executing the proposed Project's Procurement Plan.

92. **Notwithstanding the provisions of the previous paragraph, Component 1 will be executed through fiduciary agents hired by the MVCT/Fonvivienda and the operator/Gerencia Integral**, which will function under its control and responsibility to carry out the procurement activities (see Annex 1 for more details).

93. **Procurement arrangements.** The MVCT under the closed support of the World Bank, prepared a Simplified Project Procurement Strategy for Development (PPSD) which was approved by the Bank. The Procurement Plan for the first 18 months of implementation was defined based on the results of the PPSD. (see Annex 1 for more details).

**C. Legal Operational Policies**

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

**D. Environmental and Social**

94. **Environmental.** The selection of the proposed Project's target municipalities was made considering environmental criteria that guarantee the reduction of potential environmental risks by requiring up-to-date POTs.

95. **Execution of project activities could generate environmental risks and impacts.** Activities under Subcomponent 1.1 may include roofing and floor repairs, window and door replacements, sanitary facilities, or housing expansion within the same property. Subcomponent 1.2 includes studies, designs, and the construction of public spaces and integrated public facilities. The execution of these activities could generate environmental risks and impacts, such as (a) consumption of water and raw materials for civil works; (b) generation of solid waste from residual construction and demolition materials; (c) nuisance



related to dust generation, vibration, and noise; and (d) occupational health and safety hazards for the workforce, including the increased risk of accidents due to inadequate working conditions.

96. **The implementing agency has developed a draft of an Environmental and Social Management Framework (ESMF) based on the Environmental and Social Standards (ESS)** of the World Bank to provide (a) a high-level characterization of potential contextual environmental and social risks and issues which may be present in different beneficiary municipalities; (b) identification of applicable national legislation and overall potential direct and indirect environmental and social risks and impacts from the proposed investments, based on the typology of activities to be financed and eligible areas; (c) generic management and mitigation measures for likely environmental and social impacts associated with these types of investments; (d) details of the requirements for site-specific environmental and social management plans; and (e) implementation arrangements, capacity-building measures, and budget for environmental and social management during construction. The draft ESMF considers and appropriately references the World Bank's Environmental, Health, and Safety Guidelines and good practice Sector-Specific Guidelines. The structural organization, environmental control and follow-up measures for the proposed Project will be established within the ESMF, in accordance with the ESS. Given the current COVID-19 pandemic and in accordance with current environmental regulations, the World Bank may require the PIU to hire a public health specialist to manage and ensure compliance with the biosafety protocols applicable to each construction site in line with sanitary provisions issued by the GoC. The ESMF will be available 30 days after effectiveness.

97. **Social.** The proposed Project will work to generate a positive social impact through the improvement of homes and neighborhoods and supporting of the social integration of migrants.

98. **The risks of a negative social impact are Moderate.** In general, the proposed Project aims to have positive social benefits through civil works and qualitative improvements in housing and structural strengthening and expansion of existing infrastructure. The proposed Project will likely neither support the purchase of land nor restrict the use or entry into lands or territories; investments will take place in already established public (for public infrastructure) or private spaces (individual homes) or in legally constituted homes and land. The impact will be temporary and reversible and of low magnitude. The proposed Project will not carry out interventions in Afro-descendant or indigenous collective territories (i.e. *Consejos Comunitarios and Resguardos*). The workforce for home improvement works will consist of local workers; labor influence and the risk of gender violence will be low and managed through the code of conduct for companies and workers.

99. **Both a detailed SEP and an Environmental and Social Commitment Plan have been prepared and agreed with the World Bank.** These documents have been prepared and stakeholders have been identified, including, among others, local and regional authorities, housing organizations, neighborhood groups, universities, nongovernmental organizations, and the media. Consultations have been carried out with all interested parties in the places where the proposed Project will be implemented. These documents were disclosed by the MVCT on its website, and by the Bank on August 25, 2020.

100. **Given the current COVID-19 pandemic, consultations and socialization of the proposed Project and all its instruments present a significant challenge.** The GoC will prepare a consultation plan, which will be reviewed by the World Bank to confirm that it is based on national regulations on meetings, includes contacts between people from national and international organizations, uses alternative media



(radio, WhatsApp, email, physical mail, and video clips, among others), and is consistent with the World Bank's technical note on the COVID-19 context.

101. **A project GRM is being developed.** A GRM for the proposed Project is being developed under the MVCT's current grievance redress system to manage specific project-related grievances and/or information inquiries; its design will prioritize (a) access to beneficiaries and interested parties respecting its characteristics and sociocultural needs; (b) known procedures and schedule to analyze and resolve claims; and (c) affordability for GRM users. The GRM will ensure that the appropriate measures are undertaken to remedy the situation when any grievance is received, and will be supported by information and communication technologies, as appropriate; it will be operational before initiating project implementation, managed by the PIU, and will be accessible to all stakeholders. Grievances or anonymous claims will be received through any of the following channels: (a) documents sent to the MVCT correspondence offices, (b) MVCT e-mail: [correspondencia@minvivienda.gov.co](mailto:correspondencia@minvivienda.gov.co), and (c) virtual form for grievances and complaints: <https://n9.cl/tg1x>. At neighborhoods and municipalities, the grievances will be received through verbal form or a suggestion box located in project local offices; the management and effective response will be responsibility of contractors. If no satisfactory answer is received, persons may refer to the previously mentioned MVCT grievances channels.

## V. GRIEVANCE REDRESS SERVICES

102. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VI. KEY RISKS

103. **The overall risk to achieving the PDO is rated Moderate.** The individual Systematic Operations Risk-Rating Tool (SORT) risk categories are all rated Low, except for Macroeconomic, Institutional Capacity for Implementation, Fiduciary, Environment and Social, and Others, which are rated Moderate.

104. **Macroeconomic and Fiscal (Moderate).** The COVID-19 outbreak has had a severe economic impact across the globe and in Colombia. There is a high degree of uncertainty about the depth of the economic contraction, and the recovery to pre-crisis levels. As Colombia plans a sharp reduction of the deficit for the next two years, there is a risk that fiscal consolidation affects the size and the implementation of the CDVD and SDP. To mitigate the risk (a) the proposed Project integrates into existing and running programs and (b) on an annual basis, it finances only about 3.5 percent of the total allocation





of the MVCT and about 6 percent of Fonvivienda. At the same time, the proposed Project does not pose fiscal risks. The GoC's debt to GDP ratio is projected to peak at 70 percent in 2021 and fall below 66 percent of GDP by 2024, on the back of a favorable growth-interest rate differential. By 2025, the proposed Project will constitute 0.05 percent of total GoC's debt.

105. **Institutional Capacity for Implementation and Sustainability (Moderate).** The PIU will be closely and continually monitored for timely project execution and FM and procurement performance in accordance to Bank rules and standards. The PIU will receive training by Bank specialists and be closely supervised throughout project cycle. To secure effective cooperation with territorial entities, the MVCT will sign Cooperation Agreements with each target municipality. Through these agreements, municipalities commit to cooperate with the MVCT in the implementation process.

106. **Fiduciary (Moderate).** The fiduciary risk have been determined as moderate due to the following reasons: (a) the MVCT and Fonvivienda have experience in implementing housing programs and assigning housing subsidies, with capacity to manage the proposed Project's fiduciary aspects; (b) the MVCT has experience in executing World Bank projects and knowledge about World Bank project fiduciary requirements; (c) the procurement process is centrally executed though it is necessary to consider that: (i) project investments will be in vulnerable areas of those municipalities prioritized by the MVCT, which could hinder project execution, (ii) some programs included in the proposed Project will be administered through fiduciary agents with responsibilities related to procurement activities under terms and conditions acceptable to the World Bank; (d) Fonvivienda's standard procedures and Operational Manual for the existing housing program are adapted to the World Bank's fiduciary requirements; and (e) project flow of funds will be managed by fiduciary agents through Fiduciary Agent Agreements according to terms and conditions acceptable to the World Bank.

107. **Environment (Moderate).** The environmental risk and impact have been determined as moderate as these (a) are predictable and are expected to be temporary and/or reversible; (b) are low in magnitude and are not expected to cause serious adverse effects to the environment; (c) will be site specific in existing urban, semi-urban, or rural locations; (d) can be easily mitigated in a predictable manner; (e) do not involve the use of toxic materials (asbestos-containing materials<sup>96</sup> and other potential hazardous wastes that should be considered during the project environmental and social assessment); and (f) are expected to be short term at a local level.

108. **Social (Moderate).** The social risk classification responds to risks and impacts stemming from interventions under Component 1. The proposed Project should be supported by a communication process with national, regional, and local characteristics. The selection of the operator/*Gerencia Integral* and the personnel that will participate in the small infrastructure works and the improvement of houses should be based on clear rules that allow the concurrence and participation of interested parties, especially the local population. The link of women to the different works should be considered as strategic and the channels of communication, dissemination, and information should consider them as relevant social actors.

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<sup>96</sup> Although Law No. 1968/2019 of the Congress of the Republic prohibits the use of asbestos-containing materials within the national territory, residual asbestos may be generated as waste during the quality improvement of houses.



109. **Other - Potential Risks of Exclusion of Key Vulnerable Groups (Moderate).** The proposed Project has conducted a careful analysis of the potential risks for exclusion of key vulnerable groups. Given the scale of the qualitative housing deficit (an estimated 3.5 million households) and the number of migrants from Venezuela in Colombia (an estimated 1.74 million individuals), all households in need of support under the proposed Project will not receive assistance. The project design has aimed to ensure that no implicit or explicit bias in the municipal or beneficiary eligibility criteria unnecessarily favors certain eligible groups over others. See Annex 2 for details on how the risk of unintended exclusion from the proposed Project will be addressed.

110. **Other risk - Social Discontent (Moderate).** There is a risk of social discontent in response to the proposed Project's potential benefits for migrants from Venezuela. This would be addressed by (a) investing in physical spaces that encourage friendly interaction between Colombians and Venezuelans and by creating a 'migrant dividend' for areas hosting them, (b) conducting communication campaigns to emphasize the gains of migration, and (c) investing in activities to enhance social cohesion through infrastructure and physical spaces to promote community activities involving groups representing locals as well as migrants.

111. **Other risk - Diminishing Policy Support (Moderate).** Due to the current COVID-19 pandemic, there is a risk of a diminishing policy commitment from the GoC to support the integration of migrants from Venezuela once the crisis has abated. The proposed Project will work with the GoC in identifying options to maximize the reach and impact of the existing housing programs on vulnerable households (including migrants) through improving the calibration and targeting of existing subsidies.



**VII. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**COUNTRY: Colombia**

**Colombia: Resilient and Inclusive Housing Project**

**Project Development Objectives(s)**

To improve the quality of housing and public space for vulnerable households, including migrants from Venezuela, in selected municipalities.

**Project Development Objective Indicators**

<b>Indicator Name</b>	<b>PBC</b>	<b>Baseline</b>	<b>End Target</b>
<b>To improve the quality of housing and public space for vulnerable households</b>			
Households benefited from home improvement interventions (Number)		0.00	12,706.00
Households in urban areas benefited from home improvement interventions (Number)		0.00	8,280.00
Households in rural areas benefited from home improvement interventions (Number)		0.00	4,426.00
Female-headed households benefited from home improvement interventions (Number)		0.00	5,080.00
Households benefited from home improvement interventions which have a member with a disability (Number)		0.00	850.00
Households benefited from home improvement interventions which have a member that identifies as afro descendant (Number)		0.00	1,250.00



Indicator Name	PBC	Baseline	End Target
People provided with improved urban living conditions (CRI, Number)		0.00	709,592.00
People provided with improved urban living conditions - Female (RMS requirement) (CRI, Number)		0.00	283,800.00
People provided with improved urban living conditions of which are migrants from Venezuela (Number)		0.00	120,130.00
Households provided with improved urban living conditions (Number)		0.00	223,705.00
Rental subsidies granted to migrant households from Venezuela (Number)		0.00	10,276.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	End Target
<b>Increasing housing quality and improving living conditions for lower income families</b>			
Colombian households satisfied or highly satisfied with improvements performed at their homes (Percentage)		0.00	80.00
Venezuelan migrants satisfied or highly satisfied with the housing solution provided (Percentage)		0.00	80.00
Cities with improved livability, sustainability, and/or management (CRI, Number)		0.00	25.00
Women with increased availability to seek and/or participate in paid work opportunities and entrepreneurship activities (Percentage)		0.00	60.00
<b>Institutional strengthening to increase housing quality and improve living conditions</b>			



Indicator Name	PBC	Baseline	End Target
Regulatory framework to strengthen the home improvement microfinance market for vulnerable households improved (Number)		0.00	1.00
Geospatial database for housing characterization, informal settlements location, and territorial planning designed and implemented (Number)		0.00	1.00
Information and monitoring systems for the optimization of housing subsidy allocation and the prioritization of infrastructure investments upgraded (Number)		0.00	1.00
Municipalities promoting energy efficiency interventions (Number)		0.00	25.00
Guidelines for adaptation to climate change and disaster risk management formulated (Number)		0.00	2.00
<b>Project Management</b>			
Grievances recorded in the GRM system are addressed within 15 working days and communicated back to the concerned stakeholders (Percentage)		0.00	80.00

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Households benefited from home improvement interventions	This indicator monitors the progress made in improving the quality of the existing housing stock in selected municipalities by showing	Semi-annual	Project execution progress reports	The PIU will monitor this indicator based on provided home improvement subsidies to eligible households	PIU



	the number of eligible households living in homes with improved quality (this includes home improvements, expansions and Venezuelan renters living in better conditions)			and upon verification of successful completion of home improvement works	
Households in urban areas benefited from home improvement interventions	This indicator monitors the progress made in improving the quality of the existing housing stock in selected municipalities by showing the number of eligible households in urban areas living in homes with improved quality (this includes home improvements, expansions and Venezuelan renters living in better conditions)	Semi-annual	Project execution progress reports	The PIU will monitor this indicator based on provided home improvement subsidies to eligible urban households and upon verification of successful completion of home improvement works	PIU
Households in rural areas benefited from home improvement interventions	This indicator monitors the progress made in improving the quality of the existing housing stock in selected municipalities by showing the number of eligible households in rural areas living in homes with improved quality (this includes home improvements, expansions and Venezuelan renters	Semi-annual	Project execution progress reports	The PIU will monitor this indicator based on provided home improvement subsidies to eligible rural households and upon verification of successful completion of home improvement works	PIU



	living in better conditions)				
Female-headed households benefited from home improvement interventions	This indicator monitors the progress made in improving the quality of the existing housing stock in selected municipalities by showing the number of eligible female head households living in homes with improved quality	Semi-annual	Project execution progress reports	The PIU will monitor this indicator based on provided home improvement subsidies to eligible female-headed households and upon verification of successful completion of home improvement works	PIU
Households benefited from home improvement interventions which have a member with a disability	This indicator monitors the progress made in improving the quality of the existing housing stock in selected municipalities by showing the number of eligible households with a member with a disability	Semi-annual	The indicator measures the number of eligible households which have a member with a disability that receive the home-improvement subsidy (qualitative and/or structural)	The PIU will monitor this indicator based on provided home improvement subsidies to eligible households and upon verification of successful completion of home improvement works	PIU
Households benefited from home improvement interventions which	This indicator monitors the progress made in improving	Semi-annual	Project execution	The PIU will monitor this indicator based on	PIU



<p>have a member that identifies as afro descendant</p>	<p>the quality of the existing housing stock in selected municipalities by showing the number of eligible households with a member that identifies as afro descendant</p>		<p>progress reports</p>	<p>provided home improvement subsidies to eligible households and upon verification of successful completion of home improvement works</p>	
<p>People provided with improved urban living conditions</p>		<p>Semi-annual</p>	<p>Project execution progress reports; census data.</p>	<p>The MVCT will monitor the number of beneficiaries based on census data and results provided by municipalities. According to the GoC's established indicators (CONPES 4027), the progress of this indicator will be measured by the GoC by households - not people. In that document, this indicator is defined as follows: Number of households with improved urban living conditions (Number) with a Baseline of 0, and a Final Target of 223,705 households. This is to follow the</p>	<p>PIU</p>





				definition of the monitoring indicators used by the National Government that use households (and not people) to monitor the housing programs from the MVCT. To convert number of people to number of households, information from the DANE 2018 National Census of Population and Housing is used as a reference, where it is considered that there is an average of 3.1 people per household nationwide, and an average of 3.58 people per migrant households, where some of their members resided in Venezuela in the period between 2013 and 2018.	
People provided with improved urban living conditions - Female (RMS requirement)		Semi-annual	Project execution progress	The MVCT will monitor the number of beneficiaries based	PIU



			reports; census data.	on census data and results provided by municipalities. According to the GoC's established indicators (CONPES 4027), the progress of this indicator will be measured by the GoC by female-households - not people - with a baseline of 0 and an end target equivalent to 89,382 female-headed households.	
People provided with improved urban living conditions of which are migrants from Venezuela	This indicators monitors the cumulative number of migrants from Venezuela benefited by one or more type of project interventions (home improvement interventions, rental subsidies, urban infrastructure and works related to neighborhood upgrading interventions)	Semi-annual	Project execution progress reports; census data	The MVCT will monitor the number of beneficiaries based on census data and results provided by municipalities. According to the GoC's established indicators (CONPES 4027), the progress of this indicator will be measured by households - not people - with a baseline of 0 and an end target equivalent	PIU



				to 33,556 migrant households from Venezuela.	
Households provided with improved urban living conditions	This indicators monitors the cumulative number of households that are benefited by one or more type of project interventions (home improvement interventions, rental subsidies, urban infrastructure, and works related to neighborhood upgrading interventions).	Semi-annual	Project execution progress reports; census data	The MVCT will monitor the number of beneficiary households based on census data and results provided by municipalities. Beneficiary households are considered according to the GoC's established monitoring indicators. The GoC uses "households" due to two reasons: (a) beneficiaries of housing subsidies in Colombia are "households", since the public policy instrument is based on families (the Family Housing Subsidy - SFV); and (b) goals in the housing sector within the NDP and other public policy documents have been established in terms of	PIU



				households. The calculation of people is a combination of the national average household size, which is of 3.1 for households in general, and 3.58 for households where a member resided in Venezuela in the last 5 years (according to DANE 2018 National Census).	
Rental subsidies granted to migrant households from Venezuela	This indicator measures the number of rental subsidies granted to migrant households from Venezuela in selected municipalities	Semi-annual	Project execution progress reports	MVCT will monitor results based on progress reports from municipalities	PIU

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Colombian households satisfied or highly satisfied with improvements performed at their homes	This indicator measures the percentage of Colombian households that are provided with a home improvement subsidy and are satisfied with the housing solution provided.	Annual	Project execution progress reports; Citizen Satisfaction Surveys	MVCT will monitor households satisfaction based on annual surveys	PIU



	Feedback received from beneficiaries will be revised annually and adjustments will be made, if needed.				
Venezuelan migrants satisfied or highly satisfied with the housing solution provided	This indicator measures the percentage of Venezuelan migrants that are provided with rental subsidy support and are satisfied with the housing solution provided. Feedback received from beneficiaries will be revised annually and adjustments will be made, if needed.	Annual	Project execution progress reports; Citizen Satisfaction Surveys	MVCT will monitor households satisfaction based on annual survey results	PIU
Cities with improved livability, sustainability, and/or management		Annual	Project progress execution report; surveys	The MVCT will monitor the amount of municipalities with improved livability, sustainability, and management considering the provision of improved housing conditions, the construction of new social infrastructure and public spaces, the implementation of neighborhood upgrading interventions and the adoption of best practices for efficient and	PIU



				sustainable construction.	
Women with increased availability to seek and/or participate in paid work opportunities and entrepreneurship activities	This indicator monitors the percentage of women who declare that they have increased their availability to seek and/or participate in paid work opportunities and entrepreneurship activities due to the improvements performed in their homes and /or facilities in their neighborhoods.	Annual	Project execution progress report; surveys	The MVCT will monitor this indicator based on surveys results conducted by municipalities	PIU
Regulatory framework to strengthen the home improvement microfinance market for vulnerable households improved	This indicator shows whether the regulatory framework to strengthen the home improvement microfinance market for vulnerable population was improved, which will lead to an increased number of alternatives and complements to home improvement subsidies.	Semi-annual	Project execution progress reports	The MVCT will inform progress made towards generating new and improved regulatory framework for the microfinance home improvement market.	PIU
Geospatial database for housing characterization, informal settlements location, and territorial planning designed and implemented	This indicator indicates whether the geospatial database for housing characterization, informal settlements location, and territorial planning was	Semi-annual	Project execution progress reports	The MVCT will inform progress made towards generating new and improved regulatory framework for the microfinance home	PIU



	created and implemented.			improvement market.	
Information and monitoring systems for the optimization of housing subsidy allocation and the prioritization of infrastructure investments upgraded	This indicator shows whether the information and monitoring systems for the optimization of housing subsidy allocation and the prioritization of infrastructure investments were updated.	Semi-annual	Project progress execution report	The MVCT will inform progress made towards upgrading the Information and monitoring systems for the optimization of housing subsidy allocation and the prioritization of infrastructure investments.	PIU
Municipalities promoting energy efficiency interventions	This indicator monitors the use of processes and materials of low energy consumption as well as the design of interventions that promote energy efficiency in selected municipalities.	Semi-annual	Project execution progress reports	The MVCT will monitor progress toward the adoption of parameters and implementation of efficient, resilient and sustainable construction technologies	PIU
Guidelines for adaptation to climate change and disaster risk management formulated	The indicator measures the formulation of two guidelines for adaptation to climate change and disaster risk management. These guidelines will guide the municipalities to incorporate/review these aspects during the	Semi-annual	Project execution progress reports	The MVCT will report on progress made in the development of the guidelines.	PIU



	implementation/revision of their POTs, in compliance with Resolution No. 431/2020 issued by the MVCT (Comprehensive Plan for Sectoral Climate Change Management - PIGCCS) and Law No. 1523/2012 (National Plan for Disaster Risk Management).				
Grievances recorded in the GRM system are addressed within 15 working days and communicated back to the concerned stakeholders	This indicator measures the percentage of grievances recorded in the MVCT Grievance Redress Management (GRM) system that have a response time of no more than 15 working days.	Semi-annual	Project GRM system managed by MVCT	The data on complaint receipt and response through the GRM system will be reviewed by the PIU regularly and reported on a semi-annual basis	PIU





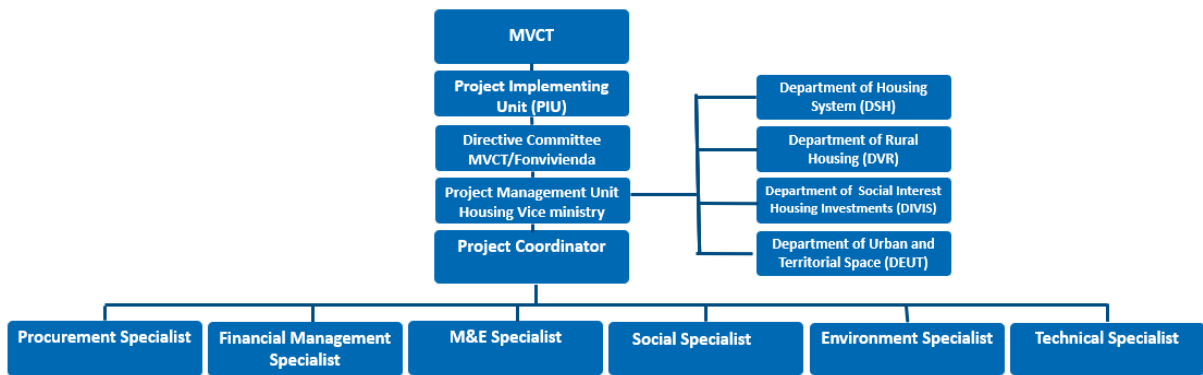
ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Colombia

Colombia: Resilient and Inclusive Housing Project

1. The proposed Project will be implemented by the MVCT through a Project Implementation Unit (PIU). The PIU will be responsible for overall coordination and technical oversight of the proposed Project and will ensure compliance with fiduciary management, reporting requirements and monitoring activities, including implementation of the environmental and social management plans.

Figure 1.1. PIU Organizational Chart



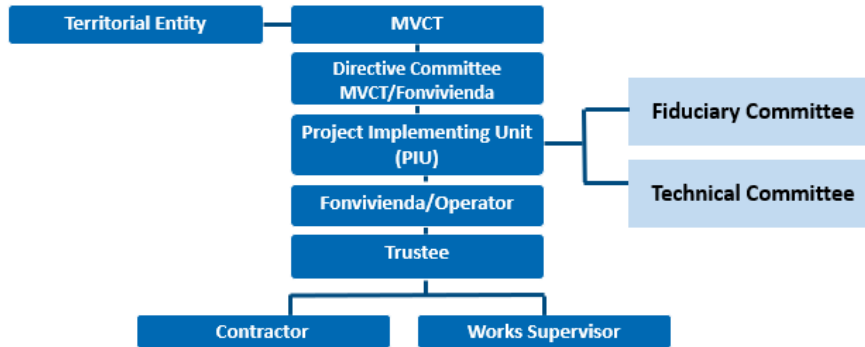
2. The PIU will prepare biannual progress reports corresponding to the formats outlined in the Operational Manual, covering: (a) physical and financial progress achieved against agreed indicators (presented in section VII); (b) issues and problem areas, including remedial actions; and (c) work programs and cost estimates for the coming year, including revised estimates for the current period.

3. A project Operational Manual has been developed to provide an ordered set of instructions on the organization, procedures, and resources dedicated to the efficient and effective achievement of the proposed Project’s objectives.

4. Implementation arrangements for Component 1 will rely on a model that has been successfully used for a decentralized and massive delivery of housing programs. Following this model, Fonvivienda will hire a trustee and create an autonomous trust. MVCT and Fonvivienda will create two committees—a Fiduciary Committee and a Technical Committee—which will be responsible for the implementation of Subcomponent 1.1, including managing subsidy resources and contracting the entities responsible for carrying out and overseeing home improvement works. A similar mechanism will be implemented for Subcomponent 1.2, for the construction public spaces and integrated public facilities. Neighborhood upgrading interventions under Subcomponent 1.2 will be executed by the MVCT, through the DEUT. Due to the MVCT legal framework, in this case the MVCT will first select an operator/*Gerencia Integral* and enter into an agreement with it. The operator/*Gerencia Intergral* will afterwards select and hire a trustee for managing resources and implementation.



Figure 1.2. Institutional Arrangements for Project Implementation (Component 1)



5. **Trustees or fiduciary agents will constitute five autonomous trusts to manage resources** for the (a) home improvement subsidies in urban areas, (b) rental subsidies, (c) home improvement subsidies in peri-urban and rural areas, (d) social and public infrastructure executed by MVCT/Fonvivienda, and (e) social and public infrastructure and urban upgrading interventions executed by MVCT/DEUT. Fonvivienda has already hired two trustees, one for (a) and one for (b) for the current program operations. A single autonomous trust for the execution of all type of interventions cannot be used given the different nature of the programs, their legal basis, and their execution characteristics.

6. **For activities under Component 1, the proposed Project will follow (a) the developed Framework Approach, (b) the Municipal Eligibility and Selection Framework, and (c) the Beneficiary Eligibility and Selection Framework within prioritized municipalities** as described in Annex 2. The MVCT will ensure that Fonvivienda signs Cooperation Agreements with each prioritized territorial entity with the purpose of combining administrative and technical efforts for executing and monitoring the work related to the housing subsidies or conducting infrastructure investments.

7. **Upon signing Cooperation Agreements, territorial entities will submit to MVCT/Fonvivienda information on their intervention priorities, a description of current land use and the urban perimeter in those areas, and a certification showing that land use in prioritized areas is compatible with residential uses, allowing integral improvements, according to their POTs.** They will also need to certify that properties subject to intervention are not located in high risk non-mitigable areas<sup>97</sup>, natural reserves or environmental protected areas, areas reserved for municipal, regional or national public works or basic infrastructure, or areas unsuitable for building housing units in accordance with land use plans. Territorial entities will ensure that beneficiary areas/neighborhoods currently have public services for housing and access to formal or alternative systems of water supply and sewage systems. The proposed Project will proceed in compliance with land use regulations, urbanization and construction permits and licenses, and with requirements from local POTs.

<sup>97</sup> According to the detailed studies described in Decrees No. 1077/2015 and 867/2019.



### Home Improvement Subsidy

8. **The activities of each entity involved in the implementation of the home improvement interventions are the following.** Each one will be responsible for the activities described below, according to the Operational Manual:

- (a) **MVCT/ Fonvivienda:** hires the trustee through an open and competitive process and signs Cooperation Agreements with territorial entities. By signing Cooperation Agreements, MVCT/Fonvivienda commits to provide home improvement subsidies while municipalities and local governments commit to support the process. MVCT/ Fonvivienda will be responsible for validating the list of potential beneficiaries and for assigning the home improvement and rental subsidies.
- (b) **Trustee:** is the entity responsible for administering MVCT/Fonvivienda's resources through an autonomous trust<sup>98</sup>. The trustee will be responsible for hiring the contractors, works supervision and disbursing the subsidies.
- (c) **Territorial Entities:** are municipalities and local governments that participate in the proposed Project. By signing Cooperation Agreements with MVCT/Fonvivienda, they will be responsible for the territorial targeting of the interventions along with the application process and selection of beneficiaries who meet the established conditions.
- (d) **Contractor:** is hired by the trustee (with the backing of the fiduciary committee) to carry out the categorization, diagnosis and interventions in the dwellings, according to the applicable technical, legal, social, financial and administrative conditions. During this process, they must attend to any requests for social support from entities involved in the implementation; and discuss with the household the work they will be doing.
- (e) **Works Supervisor:** is hired by the trustee (with the backing of the trust committee) to follow up on the technical, legal, social, financial and administrative components of the home improvement work to be done. The works supervisor will also carry out regular monitoring visits during the execution of the work, and when completed, issue the certificate of habitability.

9. **Once beneficiaries are prioritized, by following the Beneficiary Eligibility and Selection Framework, the trustee will select and hire a contractor and a works supervisor, in order to ensure that works are properly undertaken.** The process will be as follows:

- (a) **The selected contractor will first conduct a categorization and detailed technical diagnosis of the selected dwellings, validating the location and conditions in order to ensure that the works are economically and technically feasible and that the family does not need to be relocated.** The categorization and diagnosis, which include the maximum amount of the subsidy to be assigned, will be determined according to the conditions established in Decree No. 867/2019 (as described in Annex 2). If during this initial visit and assessment it is reported that the housing unit is built with transitory or perishable material, does not have access to water and sewerage services (provided by conventional or non-conventional systems), does not have access to roads (paved or unpaved), the property does not comply with land uses in accordance to the existing POT, or any other

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<sup>98</sup> Similar mechanisms will be applied to other activities carried out by the Project.



circumstance that is duly justified by the contractor and the works supervisor, the process will stop and the household will not be able to apply to the program.

- (b) **With the diagnosis in hand, the contractor must submit to the works supervisor the following documents related to each eligible housing unit:** (a) type of improvement proposed; (b) technical proposal for home improvement interventions; (c) budget needed to complete the work; and (iv) a work plan. After revisions and approval of the submitted documents, including the beneficiary household' consent on the proposed reforms and improvement plans, MVCT/Fonvivienda will allocate the home improvement subsidy. An agreement will be signed by the contractor, the works supervisor and the beneficiary household; with that in hand, the home improvement work can begin.<sup>99</sup>
- (c) **During construction, territorial entities will be required to provide training and ensure** that the contractor complies with a plan to manage dust, noise, waste and final disposal of debris. Territorial entities will also be responsible for establishing adequate mechanisms to provide social support before and during the improvement work. To this end, they will establish an exclusive and easily accessible point of contact for household beneficiaries in order to clarify any concerns they may have.
- (d) **The works supervisors will be responsible for conducting regular monitoring visits and preparing progress reports that must include a photographic record of the activities and work carried out by the contractor.** These progress reports will then be reviewed and approved by the trustee and MVCT/Fonvivienda.
- (e) **Upon completion of the improvements, the territorial and the works supervisors will visit the housing unit to verify that the work was done and that the beneficiary household is satisfied, to approve it.** If approved, the works supervisor will sign a receipt with the contractor and the household; and will issue a certificate of habitability. Upon issuance of the certificate, the work will be considered completed, and MVCT/ Fonvivienda can disburse the subsidies to the contractor. The transfer of funds to the contractor will be facilitated by the trustee. The settlement of the contract with the works supervisor will take place after reception of a compliance report, with a favorable opinion of the activities carried out.

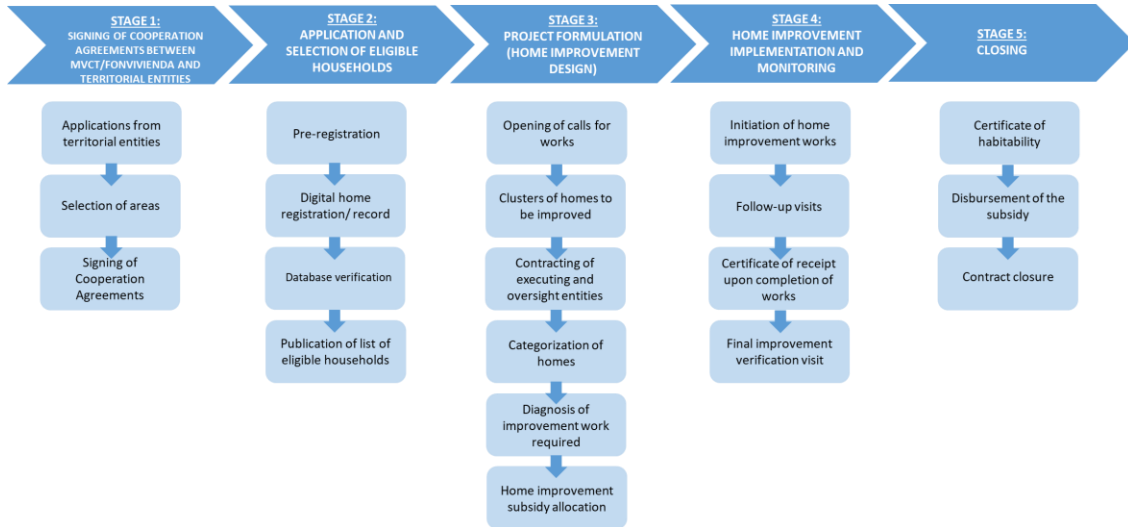
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<sup>99</sup> Conditions of improvement works will be regulated by the MVCT.



10. The implementation cycle for home improvements through the allocation of subsidies includes the following stages:

Figure 1.3. Implementation Cycle for Home Improvements Subsidies



Rental Subsidy for Migrants from Venezuela

11. In order to ensure the transparent and efficient allocation of funds, Fonvivienda will adopt the trustee already hired for SDP a trustee to manage resources and provide rental subsidies. The trustee, that will operate according to terms acceptable to the Bank, is responsible for managing resources, including operating expenses and any costs required for the implementation of the subsidy. Entities involved in this subsidy process will be: (a) the MVCT and Fonvivienda; (b) the territorial entity; (c) the trustee hired for flow of funds administration; (d) the beneficiary household (the lessee); and (e) the lessor. The detailed mechanism of the rental process including fiduciary and legal aspects is described in the Operational Manual of the proposed Project.

12. The process for assigning and applying the rental subsidies considers 3 sub-processes: (a) verification of the supply of housing units suitable for rent and, (b) analysis of the demand of migrant households from Venezuela that require a subsidy, (c) disbursement of the subsidy.

- (a) **For verifying the supply of housing units suitable for rent**, prioritized municipalities will present eligible areas (polygons). The MVCT and Fonvivienda: (a) will open a process to require natural or legal persons to register directly or through intermediation entities the homes available to be rented in accordance with conditions previously established by the MVCT; (b) the MVCT and Fonvivienda through an information system will determine the registration process of the housing units according to the requirements previously defined by the MVCT, as described in the Operational Manual of the proposed Project; and (c) the MVCT and Fonvivienda will directly or through a third party, verify the technical conditions of the postulated homes and give approval to participate in the program.
- (b) **For analyzing the demand of migrant households from Venezuela that require a subsidy, prioritized municipalities will present the eligible areas (polygons).** During this process: (a) the MVCT and Fonvivienda will open the application process for migrant households who wish to obtain



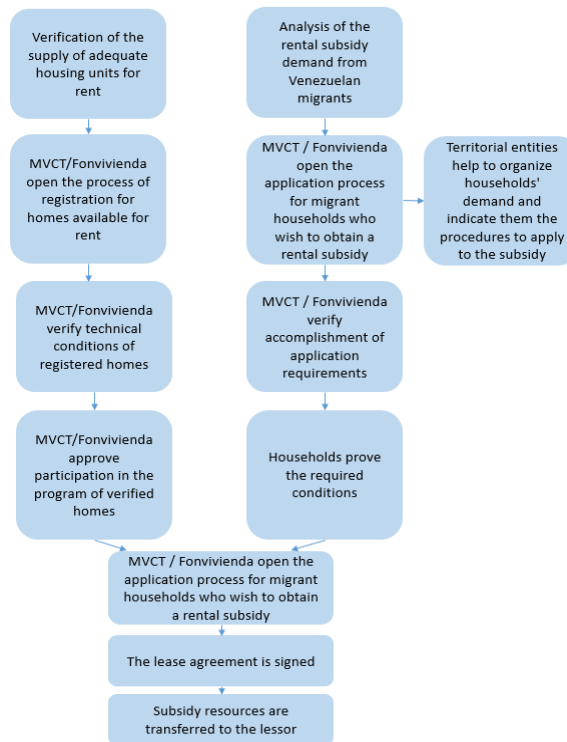
a rental subsidy; (b) the MVCT will be define through regulations or the SDP’s operational manual the conditions and application requirements; (c) the territorial entities will help in the process of organizing the demand for households, will indicate to households the procedures for applying online for the subsidy, and provide proof of vulnerability proof for beneficiary households; and (d) households will need to prove their vulnerability conditions and pay public services fees, which will be monitored by the lessor.

(c) **The disbursement of the subsidy will be made to the lessor<sup>100</sup> and will cover 100% of the rental payment.** The trustee will disburse the subsidy to the lessor once the following steps are accomplished: (a) a legal agreement is signed between the lessor and the property owner, and is verified by the trustee according to MVCT/Fonvivienda guidelines; (b) a legal agreement is signed between the lessor (the owner or a his/her legal agent) and the lessee, and is validated by the trustee according to MVCT/Fonvivienda requirements; and (c) MVCT/Fonvivienda elaborates a document to allocate the subsidy to the selected migrant household (“*resolucion de asignacion del subsidio*”).

(d) All legal agreements relevant to the implementation of this activity will include provisions ensuring the compliance of the Bank’s Anti-Corruption Guidelines.

13. **Territorial entities will be responsible for** (a) establishing a social support plan for the beneficiaries of the subsidy; and (b) carrying out periodic, random visits to verify habitability and compliance with the conditions for receiving the subsidy.

Figure 1.4. Allocation of Rental Subsidies



<sup>100</sup> The transfer mechanism will be established by the MVCT.



14. **Subcomponent 1.2: Improve living conditions in selected neighborhoods.** In order to leverage existing mechanisms, the implementation will follow the operational schemes defined by the Public Infrastructure Program (*Programa Equipamientos Públicos Colectivos Urbanos*) carried out by Fonvivienda, and the MIB implemented by the DEUT within the MVCT. Actors involved include: (a) the MVCT and Fonvivienda; (b) territorial entities (municipalities); (c) an operator/*Gerencia Integral* (in the case of the MIB program); (d) a trustee; (e) contractors; (f) works supervisor; and (g) beneficiary communities.

15. **MVCT/Fonvivienda will hire two trustees to manage the Programs resources.** The contracting process to perform the relevant work will be similar to Subcomponent 1.1. Responsibilities of the trustee for the construction of public spaces and integrated public facilities will include: (a) administering resources; (b) selecting the contractors to perform infrastructure works; and (c) hiring the works supervisors to oversee the civil works. For the implementation of the neighborhood upgrading interventions by DEUT, the MVCT will first select an operator/*Gerencia Integral*<sup>101</sup> that will afterwards select and hire a trustee for managing resources and implementation.

16. **To minimize the social and environmental impacts of interventions, the infrastructure, facilities and neighborhood upgrading interventions will consider strategic actions related to social inclusion, environmental protection, and disaster risk management.**

Figure 1.5. Implementation of Public Infrastructure Program (*Programa Equipamientos Públicos Colectivos Urbanos - Fonvivienda*)

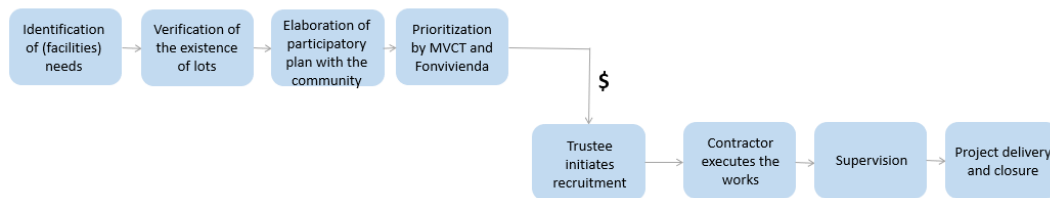
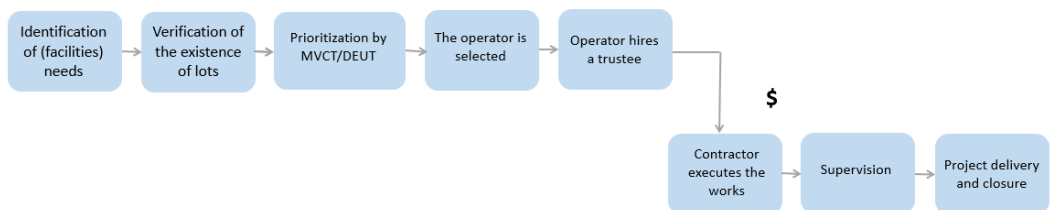


Figure 1.6. Implementation of MIB (DEUT)



17. **Components 2 and 3 will be directly implemented by the MVCT, through the PIU.**

### Financial Management

18. **The FMA of the MVCT, as implementing agency, was carried out for the implementation of the proposed Project, according to the World Bank’s policy OP/BP 10.00.** The FMA considered aspects related to the general capacity to manage the project FM aspects, including managing of flow of funds, budgeting, accounting and reporting, internal controls, and auditing; to ensure that FM arrangements: (a) are capable of correctly and

<sup>101</sup> The hiring process for the operator/*Gerencia Integral* should be completed within the first six months of project implementation.



completely recording all transactions and balances relating to the proposed Project; (b) facilitate the preparation of regular, timely, and reliable financial statements; (c) safeguard the proposed Project's assets; and (d) are subject to auditing arrangements acceptable to the Bank.

19. **MVCT has experience in implementing housing programs and assigning housing subsidies through Fonvivienda, with capacity to manage the proposed Project's fiduciary aspects.** Furthermore, has previous experience executing World Bank projects and knowledge about Bank project's fiduciary requirements. MVCT has the capacity to manage FM aspects, including budgeting, accounting, and reporting, using the financial and administrative system SIIF (the FM information system in place for the GoC institutions). MVCT also has sound internal controls (including fiduciary risk procedures), financial policies and procedures, and is subject to external audit by the Office of the Comptroller General of Colombia.

20. **FM issues that need to be addressed before the execution of the proposed Project include:** (a) to make sure that an approved budget for the first year of implementation is added to entity's Budget, both loan and trust fund resources; (b) for rental subsidies in Subcomponent 1.1, given that the program implies cash transfers to rental beneficiaries through disbursements to the lessor, the Operational Manual includes specific FM arrangements for disbursements procedures and specific controls to ensure that rental subsidies are paid to eligible beneficiaries. The overall FM risk for the proposed Project is rated as moderate.

21. **The risk mitigation measures that have been considered as part of the MVCT's action plan include the following:** (a) strengthening the FM team in the executing agency with profile, roles, and responsibilities acceptable to the World Bank; (b) implementing a training plan on FM and disbursement, to the PIU; (c) including a FM Section in the Operational Manual with a clear definition of roles and responsibilities for FM, and disbursement processes; and (d) Fiduciary Agent Agreements must be executed by the parties thereto, in terms and conditions acceptable to the World Bank.

22. **Flow of funds.** The proposed Project has three components; for Component 1, the MVCT/Fonvivienda will hire four fiduciary agents to manage flow of funds, and the operator/*Gerencia Integral* will hire a fiduciary agent. This component has five different programs that require creating five autonomous trusts, due to the existing implementation models, specific destination programs with their specific contract for fiduciary services, and MVCT and Fonvivienda legal framework. For Components 2 and 3 the flow of funds will be directly managed according to the MVCT policies and procedures. A detailed description of flow of funds procedures, for each component and program, is included in the proposed Project Operational Manual. A Designated Account (DA) will be opened in the Central Bank "*Banco de la República*"; from the DA will flow in local currency to all the fiduciary agents; no transfer of resources will be made to the operator/*Gerencia Integral*. Under Components 2 and 3, through the DA, payments will be also made for eligible expenditures related to institutional strengthening and project management.

23. **MVCT, through Fonvivienda and the operator/*Gerencia Integral*, will hire Fiduciary Agents under an agreement between the entity and the Fiduciary Agent (Fiduciary Agent Agreement), under terms and conditions approved by the Bank,** which shall include: (a) the Fiduciary Agent's obligation to maintain records and accounts adequate to reflect the operations, resources and expenditures of the proposed Project; (b) the roles and responsibilities of the Fiduciary Agent about the implementation of the proposed Project, including compliance with the pertinent provisions of the loan agreement, Cooperation Agreements, and Operational Manual. The proposed Project will finance reasonable trustee's costs as well operating cost incurred by the PIU. The definition of the proposed Project Operating Cost to be financed will be included in the Legal Agreement.





24. **MVCT shall, prior to any amendment which may result in the substitution of any trustee,** inform the Bank of said event and prepare and furnish to the Bank an action plan (including a timetable) acceptable to the Bank, indicating the actions taken or to be taken to address said event.
25. **Staffing.** MVCT and Fonvivienda will always guarantee to keep qualified financial staff, including, but not limited to, financial specialist with profile and responsibilities agreed with the Bank, for the adequate FM of the project funds.
26. **Planning and Budgeting.** Tentative budget allocation is required. MVCT and Fonvivienda shall ensure budget allocation during the project life. Funds for the proposed Project will be part of implementing agency own budget, which is approved in accordance with the local regulations for public entities. MVCT and Fonvivienda will be responsible for preparing and monitoring the annual operating plan and budget. The budget, and any modifications made to it, will be recorded and monitored through the SIIF information system.
27. **Accounting and financial reporting.** Financial statements are prepared in compliance with the Government Accounting Standards issued by the General Accounting Office. Budgeting, accounting and treasury functions are integrated within the SIIF Information system. The project information will be recorded through a specific cost center; interim financial reports (IFRs) will be prepared using the country systems guidelines agreed with the Bank and will be submitted on a semiannual basis to the Bank.
28. **Internal controls.** MVCT has in place a set of internal administrative manuals that regulate the administrative process of the entity and cover, among others, accounting, budgeting, financial reporting, and internal control matters, with the objective of ensuring the safeguard of assets, the accuracy of the financial information and compliance with all financial and operational requirements. MVCT and Fonvivienda shall provide adequate segregation of duties during the whole administrative and financial cycle; and periodically, on a risk-based, shall include the project processes as part of the internal audit annual plan. MVCT and Fonvivienda is under the control and monitoring of the Administrative Department of Public Function that ruled and oversights on the implementation of MECI (*Modelo Estandar de Control Interno*, Standard Model of Internal Control per the acronyms in Spanish).
29. **Project operating costs.** The proposed Project will finance reasonable incremental expenses, which would not have been incurred without the proposed Project, incurred by MVCT and Fonvivienda on account of project implementation, including inter-alia, fiduciary agents cost, external auditing costs, reasonable bank charges, travel costs (including accommodations, transportation cost and per diem), logistics services, office supplies, vehicles operation and maintenance cost, vehicle rental and fuel costs, maintenance of equipment, communication costs, office rental and moving expenses, utilities expenses, consumables, printing and publication costs, transport and accommodation, per diem and salaries of support staff working for the proposed Project, and other miscellaneous costs directly associated with the proposed Project as shall be agreed with the Bank.
30. **Retroactive financing.** Retroactive financing will be available for eligible expenditures to be made on or after June 1, 2020, but in no case more than one year prior to the date of the loan agreement, according to the following amounts: (a) WBG Financing resources - up to an aggregate amount not to exceed US\$10,000,000 and GCFP concessionality amount up to an aggregate amount not to exceed US\$2,170,000 and; (b) GPG grant resources - up to an aggregate amount not to exceed US\$1,500,000.



31. **The MVCT, Fonvivienda and the trustees, shall retain all records** (contracts, orders, invoices, bills, receipts, and other documents), evidencing expenditures under their respective parts of the proposed Project until at least the later of: (a) one year after the World Bank has received the audited financial statements covering the period during which the last withdrawal from the loan account was made; and (b) two years after the closing date. The implementing agency shall enable the World Bank's representatives and the external auditors to examine such records.

32. **Access to information.** The access to information policy for the World Bank-financed operations, states that the borrower will disclose the audited project financial statements on its website. Following the World Bank's formal receipt of these statements from the borrower, the World Bank will make them available to the public.

33. **Implementation support and supervision strategy.** The World Bank FM team will monitor all the FM action plans to ensure successful implementation and that the deadlines are met; and it could update the FM-assessed risk for the proposed Project. During project implementation, FM supervision will be conducted as part of Bank's general supervision taking in consideration FM risk ratings, and the review of IFRs and audited financial reports for the proposed Project.

#### **Disbursements and Financial Information**

34. **The unaudited IFRs must be prepared by the MVCT,** under formats agreed with the World Bank and documented in the project financial section of the Operational Manual. The IFRs will report detailed information by component, subcomponent and programs. The MVCT, as project general coordinator, will submit them on a semiannual basis within 60 days after the end of each such period. The IFRs will serve as a basis for the audited financial statements.

35. **External audit arrangements.** The proposed Project's annual financial statements will be audited by a private firm under ToR acceptable to the World Bank. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient or other period agreed with the Bank and included in the Disbursement and Financial Information Letter (DFIL). Each annual audit shall cover all the programs financed by the proposed Project, and will include an opinion in which it is indicated that the documented amounts correspond to eligible expenditures and they have been fully justified through supporting documentation, in a manner satisfactory to the Bank. The audited financial statements will be submitted to the World Bank no later than six months after the end of each audited period.

36. **Disbursement arrangements.** The proposed Project will benefit from both a GPG grant (US\$15 million) and GCFP concessional financing (US\$21.7 million) to support the intended project focus on migrants from Venezuela and host communities. The eligible expenditures will be financed expenditures as follow: (a) 89 percent of expenditures (inclusive of taxes) by the Loan and the Concessional Financing; and (b) 11 percent of expenditures (inclusive of taxes) by the GPG Grant. The Financing amount should be disbursed on a pari passu basis at an 82.2:17.8 ratio (Loan and Concessional Financing) and 11 percent from the GPG Grant. This pro-rata approach is applicable to each advance of the DA and Reimbursement. The detailed controls and mechanism of the financial and disbursement reporting, regarding to the pari-passu basis and the pro-rata of the GPG grant, are included in the Operational Manual. The proposed disbursement arrangements are summarized in tables 1.1 and 1.2. These will be incorporated in the DFIL; including, as well, additional information related to others disbursement procedures.



37. The following are the general disbursement arrangements:

**Table 1.1. Disbursement Arrangements**

Disbursement Method	Advance
Type of DA and frequency of documentation	Segregated and quarterly
Currency of DA	US\$
Supporting documentation	Statement of Expenditures - SOEs
DA ceilings (US\$):	Variable - Three single DAs to manage separately the (a) IBRD Loan, (b) GCFF Concessional Portion of the Financing, and (c) the GPG grant. The pro-rata approach described in paragraph 35 is applicable to each advance of the DA. Variable ceiling up to forecast of cash flow for one semester (based on signed contracts and approved by MVCT). The first advance will be based on the estimated cash flow for commitments for one semester, as approved by MVCT.
Financial Institutions at which DAs will be opened	Banco de la Republica (Central Bank)

**Table 1.2. Disbursement Categories  
(IBRD/GCFF Financing Agreement)**

Category Name	Amount of the IBRD Loan Allocated (expressed in US\$)	Amount of the Concessional Portion of the Financing allocated (expressed in US\$)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Rental Subsidies, Training and Operating Costs for Parts 1 and 2 of the Project	91,800,000	20,000,000	Up to 89%
(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project	8,200,000	1,700,000	Up to 89%
<b>TOTAL AMOUNT</b>	100,000,000	21,700,000	

**Table 1.3. Disbursement Categories  
(GPG Grant Agreement)**

Category Name	Amount of the GPG Grant Allocated	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Rental Subsidies, Training and Operating Costs for Parts 1 and 2 of the Project	13,800,000	11%
(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project	1,200,000	11%
<b>TOTAL AMOUNT</b>	15,000,000	



## Procurement

38. **Procurement will be conducted according to the World Bank's Procurement Regulations for IPF Borrowers**<sup>102</sup> for the supply of works, goods, non-consulting and consultants' services.

39. **Procurement capacity assessment:** A full assessment of the MVCT capacity to implement procurement activities was conducted in June 2020. The analysis concluded that the MVCT has the capacity to implement the procurement activities, however, the following recommendations apply:

- (a) **Staff:** The Executing Unit in MVCT is solely dedicated to the coordination, execution, and monitoring of the proposed Project. This Unit must have a team that includes professionals with enough experience in carrying out procurement processes under Guidelines and/or Regulations of the World Bank. Likewise, the technical team need to be reinforced with the required experts as they will be responsible for providing the necessary inputs for the different procurement processes.
- (b) **Roles and responsibilities:** The Operational Manual establish the roles, management of inter-institutional relations, and the responsibilities of the PIU in its procurement chapter, specifying all the procurement aspects such as selection, execution, and proper contract administration.
- (c) **Training:** Identify specific training needs in procurement for the executing team and/or project actors that require it.
- (d) **Complaints:** Guarantee the proper management of contractual processes and contract administration records. This includes keeping the information properly and timely filed to facilitate monitoring and audits.
- (e) **Files and documentation management:** Guarantee the proper management of files of contractual processes and contract administration. This includes keeping the information properly and timely filed to facilitate monitoring and audits.
- (f) **Procurement Plan:** Maintain the proposed Project's procurement plan up-to-date and carry out the corresponding management through the Systematic Tracking of Exchanges in Procurement (STEP). Keep the Procurement Strategy updated.

40. **According to the project implementation arrangements and based on the MVCT's experiences, legal and technical needs:** the executing entity will contract a selected operator in accordance with the Procurement Regulations on terms and conditions acceptable to the World Bank. Then, the MVCT through Fonvivienda, and the operator/*Gerencia Integral* will contract fiduciary agents for the execution of Component 1, however, the control, monitoring and compliance of the procurement activities, as well as the inputs for the implementation of procurement will be under the MVCT's responsibility.

41. **The selection and hiring of the operator and the fiduciary agents will be carried out under terms and conditions approved by the World Bank,** which will include, among others: (a) qualified professionals with experience in carrying out procurement under the guidelines and/or regulations of IBRD/Inter-american Development Bank(IDB), (b) carry out the procurement processes under the Procurement Regulations for IPF Borrowers,<sup>103</sup> (c) accomplish roles and responsibilities described in the proposed Project's Operational Manual for

<sup>102</sup> July 2016, reviewed November 2017, July 2018 and November 2020.

<sup>103</sup> July 2016, reviewed November 2017, July 2018 and November 2020.



procurement. To guarantee the project execution, the MVCT must foresee any eventuality to give continuity to these contracts.

42. **Procurement arrangements.** The MVCT with the support of the World Bank has prepared a PPSD that establishes the best procurement arrangements that will ensure the delivery of value for money while efficiently achieving the agreed PDO. According to the PPSD analysis, most of the proposed Project's resources will be concentrated approximately on works (76.4%), housing rental subsidies (10.9%) and consulting services, non-consulting services and goods (12.7%). The PPSD focuses on one of the high-risk, high-value contracts financed under Component 1, namely, civil work contract for the improvement of rural housing. The procurement process will integrate improvements on approved houses that may be executed in one or more municipalities; for the first 18 months, 4 contracts of this type have been included in the procurement plan. The construction of houses and improvements in the rural sector as a new responsibility of the MVCT has involved a complete market research. The final analysis concluded with some alternatives identified in terms of the number and characteristics of possible bidders, based on which, the best approach is to carry out an open national competitive process through a Request for Bids. The complexity of the works is low with standard technical specifications, so the preparation of the bids will not require much time or effort for the eventual bidders, nor the evaluation of those bids for the Evaluation Committee.

43. **The PPSD also focused on the analysis of a consulting service to contract a fiduciary agent for the resource management and procurement activities of the Public Infrastructure Program trust (Programa Equipamientos Públicos Colectivos Urbanos).** Although this contract is not high risk, high value, it is considered a strategic contract, because through the hiring of fiduciary agents, 87.4% of the proposed Project will be executed. The final analysis identified around 25 trustees in Colombia, which are potential participants in the procurement process for the provision of this type of service. The most appropriate procurement approach is to carry out an open national shortlist process through a Least Cost Based Selection.

44. **Exceptionally, the following arrangements will be considered for the procurement of others fiduciary agents:** (a) direct selection of a fiduciary agent who has a current contract for consulting services or a contract completed that represents a natural continuation of the previous work performed within the last 12 months from the date of the request, following the requirements of the Procurement Regulations, section VII, paragraphs 7.14 (a) and (b); (b) in the case of the Rural Housing Program, the possibility of requesting from the Bank the use of the contract resulting from a competitive process that will be carried out before the project effectiveness, so that the resources from the loan are incorporated. This may be feasible under paragraph 5.1, section V of the Procurement Regulations.

45. **The PPSD also identified non procurable activities under Component 1** related to the provision of housing rental subsidies, which implies that the Procurement Regulations do not apply for the execution of these activities.

46. **The procurement arrangements for the rest of the activities that are expected to be carried out are detailed in the PPSD,** as follows:

- (a) **Works, goods and non-consulting services** will be procured following Request for Bids, Request for Quotations, and Direct Selection methods. Under the open international competitive procurement approach, the World Bank Procurement Standard Documents will apply. When approaching the national market, the procurement documents will be agreed with the World Bank.



- (b) **Consulting services** will be procured following Quality and Cost-Based Selection, Fixed-Budget-Based Selection, Least-Cost-Based Selection, Quality-Based Selection, Consultant’s-Qualification-Based Selection, Direct Selection, and Individual Consultants methods. Under the International Market Approach, the World Bank Standard Request for Proposals document will apply. When approaching the national market, the procurement documents will be agreed with the World Bank.
- (c) **The required simplified procurement documents that will apply to the proposed Project will be proposed by the MVCT and agreed with the Bank.**

47. **Risk mitigation plan.** The following table summarizes the mitigation actions proposed for the procurement-related risks identified above.

**Table 1.4. Procurement Improvement Action Plan**

<b>Risks - Areas for Improvement</b>	<b>Mitigation Actions</b>	<b>Responsible</b>	<b>Status</b>
<b>Procurement planning</b> The lack of planning or poor planning can cause delays in project execution.	The executing agency, with the Bank's support prepared the PPSD and the procurement plan.	MVCT	Completed
	Include the Procurement Plan in the procurement plan administration system - STEP.		Immediately after project effectiveness and in any case before starting any procurement activity
	Keep the Procurement Plan updated in STEP to reflect the actual execution of the project. Keep the procurement strategy updated.		During project implementation
<b>Staff</b> Lack of staff with expertise in procurement processes under the World Bank regulations/guidelines.	Prepare ToR for the selection / hiring of procurement professional required and carry out the selection and hiring process. This ToR should be annexed to the project Operational Manual.	MVCT	Immediately after the project effectiveness and once the procurement plan is approved in STEP
<b>Roles and responsibilities</b> Unknown the roles and responsibilities related to the procurement activities due to the participation of multiple actors, entities, trustees, among others, in the proposed Project.	The Operational Manual's procurement chapter will include a clear definition of the processes, roles and responsibilities of the entities and staff related to the implementation of the procurement activities.	MVCT	Completed
<b>Training</b> Personnel’s lack of knowledge in the execution of this type of projects, specifically in procurement.	Once the personnel required by the MVCT is hired, a workshop will be held on general aspects of the World Bank Procurement Regulations, by project request.	MVCT	During project implementation



Risks - Areas for Improvement	Mitigation Actions	Responsible	Status
<b>Complaints</b> Complaints during the procurement processes and lack of opportunity in the responses.	Include the complaints' mechanism of reception, response and monitoring in the Operational Manual's procurement chapter.	MVCT	Completed
	Maintain updated complaints' database including the reception and response during the development of the procurement processes.		During project implementation
<b>Files and documentation management</b> Incomplete contractual records/files	Include in the Operational Manual the guidelines to be followed by the executing entities in relation to the files and documentation management of the procurement processes and contract administration.	MVCT	Completed

**Table 1.5: Implementation Support Plan**

Time	Focus	Minimum Skills Needed
First twelve months	Form the PIU, hiring of the trustees, selection of areas, signing of cooperation agreements, identification of beneficiaries and allocation of first subsidies.	<ul style="list-style-type: none"> <li>• TTL/co-TTLs</li> <li>• Housing specialist</li> <li>• Urban specialist</li> <li>• Disaster risk management (DRM) specialist</li> <li>• Migration specialist</li> <li>• Procurement</li> <li>• Social specialist</li> </ul>
Years 2–3	Procurement of works, non-consulting services, consulting services, goods  Prepare ToRs and contract capacity building activities.	<ul style="list-style-type: none"> <li>• TTL/co-TTLs</li> <li>• Housing specialist</li> <li>• DRM specialist</li> <li>• Urban specialist</li> <li>• Migration specialist</li> <li>• Procurement</li> <li>• Social specialist</li> </ul>
Mid-term Review (yr. 3)	Formal review generally held around project midpoint, during which representatives of the Bank and the Borrower reassess the relevance, efficacy and effectiveness of project Design (including project objectives) and implementation approach.	<ul style="list-style-type: none"> <li>• TTL/co-TTLs</li> <li>• Housing specialist</li> <li>• Urban specialist</li> <li>• DRM specialist</li> <li>• Migration specialist</li> <li>• Procurement</li> <li>• Social specialist</li> </ul>
Years 4–6	Continued support to implementation of works and capacity building, project closure	TBC



**ANNEX 2: Detailed Description of the Project**

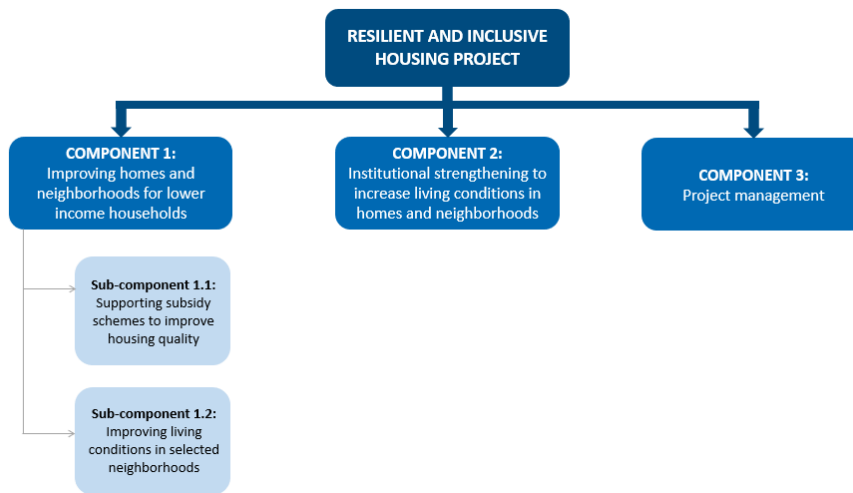
**COUNTRY: Colombia**

**Colombia: Resilient and Inclusive Housing Project**

1. **The proposed Project aims to leverage Colombia’s existing housing programs and fund new mechanisms to improve the quality of the existing housing and public spaces for vulnerable households, including migrants from Venezuela, in selected municipalities.** It will (a) support existing programs (CDVD home improvement program and SDP rental subsidy program) to provide targeted subsidies and (b) develop infrastructure for improved living spaces for disadvantaged and vulnerable households, including migrants from Venezuela. Additionally, the proposed Project will work to support MVCT and local governments in enhancing institutional capacities to support the development of market-based mechanisms for home improvement, overcome any existing bottlenecks, and implement the program successfully.

2. **CDVD’s stated objectives are aligned with the proposed Project and are to reduce the qualitative housing deficit and to increase housing resilience, while improving monetary and multidimensional poverty indicators.** CDVD has national coverage and seeks to benefit low-income households by providing home improvement subsidies, titling properties, executing neighborhood upgrades, and building public infrastructure. The proposed Project will not include land titling or any of the actions carried out by the Ministry of Agriculture and Rural Development (*Ministerio de Agricultura y Desarrollo Rural, MADR*) and the Department of Social Prosperity.

**Figure 2.1. Structure of the Resilient and Inclusive Housing Project**



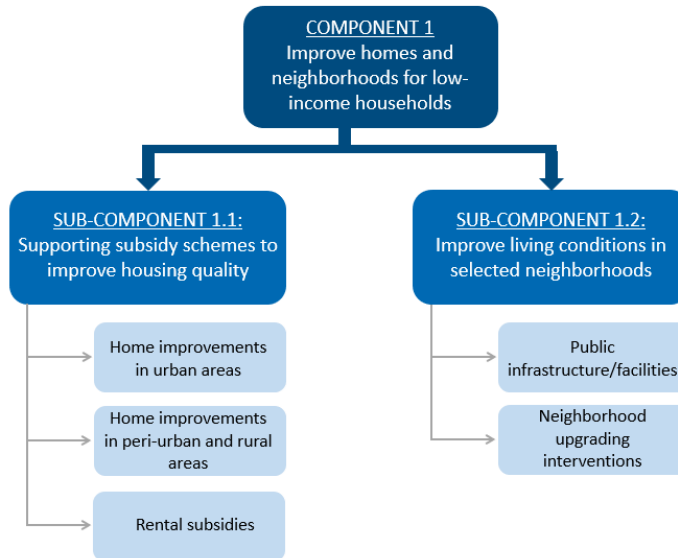
**Project Components**

3. **Component 1: Improve Homes and Neighborhoods for Low-Income Households.** This component will finance: (a) home improvement subsidies for eligible households; (b) rental subsidies for migrants from Venezuela and (c) targeted infrastructure investments in selected municipalities, including those most impacted by Venezuelan migration.





Figure 2.2. Structure of Component 1 of the Resilient and Inclusive Housing Project



4. **Subcomponent 1.1: Supporting Subsidy Schemes to Improve Housing Quality.** This subcomponent will support Fonvivienda—through the MVCT—to expand its existing home improvement program to provide subsidies to eligible households living in poor-quality houses values below 135 MW (US\$33,148) or 150 MW (US\$36,832) according to each municipality.

#### *Home Improvement Subsidies*

5. **Eligible households will benefit directly from home improvement works (instead of cash subsidies), to ensure that works are properly undertaken according to seismic construction standards and planning regulations. The proposed Project will cover improvements up to 18 MW (US\$4,420) in urban areas.** A higher value up to 22 MW (US\$5,402) is considered for peri-urban and rural areas, based on market research conducted by MVCT that found higher costs of materials and logistics in a sample of municipalities. The estimated cost of the interventions is calculated considering (a) the value of subsidies provided by previous programs executed in Colombia, (b) that home improvement subsidies are focused on low-income households, and (c) that subsidies will not require counterpart resources from the household.

6. **Eligible homes will be placed in three categories; the maximum amount for the home improvement subsidy in urban areas<sup>104</sup> for each modality of intervention<sup>105</sup> is as follows:**

<sup>104</sup> In peri-urban and rural areas, eligible homes with qualitative improvement needs will be categorized according to the type of intervention needed (structural and/or qualitative) during a first assessment, following guidelines similar to those in urban areas but adapted to the rural context. The maximum amount of the home improvement subsidy for each modality of intervention will be determined by the DVR of the MVCT; but will not exceed an amount equivalent to 22 MW.

<sup>105</sup> According to Decree No. 867/2019.



Table 2.1. Categories and Types of Intervention

Category	Description	Type of Intervention	Maximum Subsidy Amount (in MW <sup>a</sup> )
I	Homes that do not require structural intervention but need other qualitative improvements. No licensing is required for these interventions.	Qualitative	12 MW (US\$2,946)
II	Homes that require a structural intervention and other qualitative improvements and the latter can be developed without the need of prior structural intervention.	Qualitative	12 MW (US\$2,946)
		Structural	18 MW (US\$4,420)
III	Homes that require structural strengthening/ retrofitting and other qualitative improvements, but structural interventions - that may include vulnerability mitigation - must be carried out prior to other qualitative improvements. Licensing is required for these interventions.	Structural	18 MW (US\$4,420)

Note: a. A MW equals to US\$245.5 (2021).

7. **Qualitative improvements could include expansions to reduce overcrowding or to generate new housing rental space.** However, in order to undertake these works, homes must first be assessed for their structural integrity. Homes that need structural works will receive resilient retrofit assistance in addition to home improvement works (Category III). Those that comply with structural standards will directly proceed to home expansion or other types of home improvement works (Category I).

8. **Home improvement works will be implemented by experienced and vetted local providers to ensure resilient construction standards.** A diagnosis will follow this categorization, consisting in identifying the improvement needs of each home and proposing a solution. The contractor carrying out the diagnosis must submit to the works supervisor the following documents for each housing unit: (a) type of improvement proposed; (b) technical proposal of home improvement interventions; (c) budget needed for works to be developed; (d) work plan; and (e) agreement signed by the household, contractor, and the works supervisor.

9. **In order to ensure that structural improvements in eligible homes reduce vulnerability, work will be conducted in compliance with all existing relevant regulations, licenses and approval processes from competent authorities.**<sup>106</sup> Strengthening structures could include: (a) building elements essential to the structure of the home and different types of retrofitting (i.e. foundations, roofs, beams, columns and walls, among others); (b) non-structural elements, such as lintels, dividing walls, or their reinforcement, and other tasks that the contractor determines will help reduce the vulnerability of dwellings.<sup>107</sup>

10. **In order to support vulnerable households throughout the process, the proposed Project will aim to include social support for beneficiaries from the application to the end of the work.** This support will take place in two phases: the first will consist of the socioeconomic assessment of the home improvement area, the application to the home improvement subsidy, and if necessary, the prioritization of the population to be served.

<sup>106</sup> As established in Article 6 – Law No. 1848/2017 and Article 2.2.6.1.1.7- Decree No. 1077/2015 or their modifications.

The Colombian Regulation for Earthquake Resistant Construction NSR-10 (Decree No. 926/2010 and its modifications) establishes that structural designs and improvements carried out under it, will seek to minimize the risk of human life losses and defend as much as possible the heritage of the Colombian State and citizens’ assets.

<sup>107</sup> As established in the CDVD Operational Manual.

Energy efficiency will be part of the home improvement plan as home improvement and home retrofitting will impact on lower greenhouse emissions.



The second phase consists of providing social support to clusters of homes located in those areas—through workshops and meetings to provide information about the documents required to apply for the subsidy, the diagnosis process, the scope of the work, the proposed timeline, the presence and visit of workers from the contractor and the works supervisor, etc. In Colombia, housing and urban management programs implemented by the GoC need to include social support for vulnerable households. For this reason, the MVCT—in coordination with the Department of Social Prosperity—and the territorial entities cover the following aspects: (a) community organization during the execution of housing projects; (b) appropriation and care of new areas within the community (public spaces, integrated public facilities); and (c) actions to promote inclusion and entrepreneurship to improve households' income.<sup>108</sup>

### ***Rental Subsidy for Migrants from Venezuela***

11. **Rental subsidies equivalent to up to US\$1,152 will allow migrants from Venezuela to cover their entire monthly rental fee during a year, without the need of complementing it with a household counterpart.** Rental subsidies will be offered for both existing homes that meet a set safety and quality standards and homes that were improved or expanded with a home improvement subsidy offered by the proposed Project.

12. **The MVCT/Fonvivienda will verify the supply of adequate housing units for rent and will analyze the demand of rental subsidies from migrants from Venezuela,** following the process described in Annex 1. The detailed mechanism of the rental process including legal aspects is described in the Operational Manual of the proposed Project.

13. **Subcomponent 1.2: Improve Living Conditions in Selected Neighborhoods.** This subcomponent will finance infrastructure and neighborhood upgrading interventions in selected municipalities, including those most affected by the migration from Venezuela. The investments under this subcomponent will both improve the living conditions of Colombians and promote the social inclusion of newcomers by acknowledging and rewarding the public good provided by these communities for hosting migrants.

14. **The investments will be carried out according to Fonvivienda's Public Infrastructure Program (*Programa Equipamientos Públicos Colectivos Urbanos*) and the MVCT's MIB under the CDVD program framework.** Activities under this subcomponent will support the construction of new (a) public spaces,<sup>109</sup> (b) integrated public facilities,<sup>110</sup> and (c) other neighborhood upgrading interventions<sup>111</sup> through Fonvivienda and the DEUT of the MVCT.

15. **Investments will be concentrated in areas with high concentration of vulnerable households and will have high social impact.** Lack of infrastructure or equipment in the identified neighborhoods - zones or UPZ - will be verified, as well as the local concentration of migrant households. Once areas have been prioritized, the selected trustee will start the selection processes for interested builders. The selected contractor must in any case

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<sup>108</sup>This social support is carried out together with foundations such as the Mario Santodomingo, the Orbis, Carvajal, and Holcim, among others.

<sup>109</sup> Public spaces are parks and green spaces.

<sup>110</sup> These integrated public facilities will be similar to the SACULETE centers, which are part of a national innovative strategy under the NDP 2018–2022 that seeks to promote the social integration of young people through cultural activities. These integrated public facilities aim to facilitate services and activities related to kids and young kids care and development, sports, culture, technology, and entrepreneurship.

<sup>111</sup> Neighborhood upgrading interventions will include childcare centers, local roads and footpaths. These specific infrastructures will be built in areas where the MVCT has already implemented works as part of the MIB program, including water and drainage provision, waste management and land titling processes.



include socialization and social work schemes with the beneficiary communities. In cases where the concurrence of other government sectors is required, for endowment or operation purposes, the MVCT and the corresponding municipality will be responsible for any needed coordination.

16. **Component 2: Institutional Strengthening to Improve Homes and Neighborhoods.** This component will finance technical assistance to build capacity of the MVCT and its main counterparts at the local level including municipalities affected by the migration from Venezuela. Activities supported under this component are described in paragraph 36 of the main document of the Project Appraisal Document (PAD).

17. **Component 3: Project Management.** This component will finance the creation and staffing of a PIU within the MVCT, which will be responsible for procurement, FM, social and environmental standards, and monitoring impact. Activities eligible for financing under this component are mentioned in paragraph 38 of the main document of the PAD.

18. **The proposed Project has been developed under a Framework Approach by which the operation defines procedures, guidelines and eligibility criteria for all (a) technical, (b) fiduciary, environmental and social management, and (c) operational aspects.** The framework approach will apply to investments under Component 1 of the proposed Project.

19. **The application of the Municipal Eligibility and Selection Framework described in paragraphs 39-48 of the main document of the PAD has resulted in the selection of the following 25 municipalities (see table 2.1).**

Table 2.2: Selected 25 Municipalities

Municipality	Total Households	Share of Households (from the total in the country) (%)	Share of Households Living in Overcrowding Conditions (from the total in the country) (%)	Share of Qualitative Housing Deficit (from the total in the country) (%)	Share of the Venezuelan Migrant Population (from the Venezuelan migrant population of the country) (%)	Share of the Venezuelan Migrant Population Relative to the Municipality (%)
<b>Subset of 15 Municipalities Selected Applying the MEI</b>						
Bogotá, D.C.	2,514,143	18	10.10	6.87	20.00	4
Medellín	815,362	6	3.12	2.38	5.10	3
Cali	611,752	4	2.20	1.67	3.60	3
Barranquilla	304,350	2	2.77	1.54	5.50	8
Cartagena de Indias	260,220	2	2.64	1.96	3.10	5
Soacha	210,390	1	1.05	0.85	1.50	5
San José de Cúcuta	185,411	1	1.84	1.24	6.00	16
Bucaramanga	175,069	1	0.86	0.68	2.30	8
Bello	161,626	1	0.64	0.62	0.80	2,7
Soledad	143,195	1	1.36	0.92	1.80	5
Pereira	138,915	1	0.49	0.58	0.80	3



Municipality	Total Households	Share of Households (from the total in the country) (%)	Share of Households Living in Overcrowding Conditions (from the total in the country) (%)	Share of Qualitative Housing Deficit (from the total in the country) (%)	Share of the Venezuelan Migrant Population (from the Venezuelan migrant population of the country) (%)	Share of the Venezuelan Migrant Population Relative to the Municipality (%)
Santa Marta	132,373	1	1.59	1.24	2.40	8
Valledupar	125,321	1	1.49	1.03	2.10	8
Floridablanca	85,200	1	0.34	0.26	1.20	6
Sincelejo	74,592	1	0.88	0.61	0.60	4
<b>Subtotal</b>	<b>5,937,919</b>	<b>42</b>	<b>31.37</b>	<b>22.45</b>	<b>56.8</b>	<b>6</b>
<b>Subset of 10 Municipalities Selected Applying the Incidence of Migrants Variable</b>						
Yopal	53,082	0.4	0.38	0.34	0.90	10
Riohacha	41,951	0.3	0.53	0.46	2.80	18
Arauca	22,595	0.2	0.25	0.31	1.30	25
Maicao	31,325	0.2	0.48	0.53	3.10	33
Ciénaga	29,178	0.2	0.48	0.47	0.80	14
Villa del Rosario	28,292	0.2	0.31	0.25	2.20	41
Saravena	17,999	0.1	0.17	0.20	0.70	26
Tibú	14,703	0.1	0.22	0.22	0.50	24
San Juan del Cesar	12,697	0.1	0.17	0.16	0.60	35
Fonseca	11,251	0.1	0.15	0.12	0.70	38
<b>Subtotal (last column: average)</b>	<b>263,073</b>	<b>1.9</b>	<b>3.14</b>	<b>3.06</b>	<b>13.60</b>	<b>26.40</b>
<b>Total (last column: average)</b>	<b>6,200,992</b>	<b>44</b>	<b>35</b>	<b>26</b>	<b>70</b>	<b>16</b>

20. At the level of the municipal eligibility criteria, the team conducted a distributional analysis of the 25 selected municipalities to ensure that large segments of the project target population were not being excluded from this initial selection filter. Importantly, the team found that: (a) 27 percent of all households experiencing a qualitative deficit were located in the 25 selected municipalities; and (b) over 70 percent of all migrants from Venezuela living in Colombia are located within the selected 25 municipalities. The proposed Project considers that the municipal eligibility criteria has resulted in an appropriate balance between geographic focus in the 25 selected municipalities and the incidence needs of the target populations.

21. At the beneficiary level, it is important to differentiate between the risks for exclusion as a result of/for: (a) the neighborhood/UPZ selection within a municipality; (b) the home improvement subsidy program; and (c) vulnerable migrants from Venezuela across all investments supported under the proposed Project.

- (a) For the neighborhood/UPZ selection process, the project eligibility framework applies transparent criteria through the application of the HVI to rank all neighborhoods/UPZs. The proposed Project



establishes a criterion that investments will only go to those neighborhoods/UPZs that rank within the 40 percent of most vulnerable neighborhoods/UPZs. In a selected municipality, households that experience characteristics of housing deficit may fall outside these selected neighborhoods/UPZs. However, the proposed Project considers that this framework for neighborhood/UPZ selection: (i) balances need for a concentration of project intervention in a contiguous geographic area to maximize spillover benefits; and (ii) is both transparent and lacks any implicit biases.

- (b) **For the home improvement subsidy program**, a risk exists that potential vulnerable households will be excluded from the proposed Project due to the provision that the proposed Project will not support subsidies for housing unit improvement when the homes are located in: (i) high risk non-mitigable areas; (ii) environmentally protected areas; and (iii) areas without access to public services and without roads and other basic infrastructure that are served by other government programs. Further, the program requires a proof of legal tenure for beneficiaries. The first two of these provisions derive from a principle that scarce public financing should not reinforce non-legal occupation of environmental protected areas or high-risk areas where risk cannot be mitigated. Further, municipalities—to varying degrees—have in place programs for resettlement of such populations. Attention to these groups would be channeled to these parallel programs. The third provision—related to access to basic infrastructure services—is motivated by the principle that the impact of home improvement investments is multiplied when these households have access to basic neighborhood infrastructure and services. GoC has in parallel to this proposed Project a suite of programs for the upgrading of informal settlements that would be more appropriate to mobilize in these neighborhoods prior to investments in home improvement. Finally, the requirement for a proof of legal tenure aims to avoid investments in land that cannot be regularized. Parallel urban upgrading programs include modules on land titling and tenure formalization, which would be more appropriate for these communities. Despite these potential exclusions, the proposed Project estimates that it will target a large segment of highly vulnerable eligible beneficiaries.
- (c) **For migrants from Venezuela, the proposed Project incorporates multiple provisions to broadly promote inclusion.** Specifically, (i) ID requirements for accessing the rental subsidy are defined broadly (and not limited to a formal ‘foreigner visa’, which few migrants from Venezuela possess) and (ii) proof of vulnerability for migrants for accessing the rental subsidy is not limited to inclusion in the SISBEN registry, as the proposed Project also enables the use of a socioeconomic survey where migrants are not registered under SISBEN. Migrants accessing the rental subsidy would also need to include a formal rental contract. This requirement seeks to encourage a shift towards the formalization of rental contracts for migrants; many of which are currently highly exploitative and leave minimal legal protections for renters.
- (d) **The rental subsidy for migrants from Venezuela is expected to benefit an estimated 10,276 households and 36,788 migrants.** While modest compared to the estimated 1.74 million migrants in the country, this number is significant because it represents the first, innovative establishment of a dedicated rental subsidy program for migrants from Venezuela, which subsequently can be replicated or scaled up. The establishment and regulation of the program will support the mainstreaming of this line of support into GoC housing policy. Additional public and/or concessional resources could be channeled through the program if made available. Further, it is estimated that (i) an estimated 120,130<sup>112</sup> migrants from Venezuela will benefit from investments in neighborhood

<sup>112</sup> According to the standards for public space, public facilities and parks defined by the MVCT-DEUT, 2020.



infrastructure in areas highly impacted by migrants and (ii) migrants from Venezuela will benefit indirectly from the home improvement subsidy through the creation of additional safe and affordable housing stock that, in part, would be made available in the rental market.



### ANNEX 3: Adjustments to the Country Program in Response to COVID-19

#### A. Impact of the COVID-19 Pandemic on Colombia and Government Response

1. **The COVID-19 pandemic and its mitigation measures triggered the first recession in Colombia in two decades and the worst in more than a century.** As a result of the national lockdown, the uncertainty about the depth and duration of the crisis, and the repercussions that the pandemic had on domestic and external demand and oil prices, real GDP contracted 6.8 percent in 2020 against a pre-crisis projection of 3.6 percent growth. Under the current baseline scenario, GDP is projected to increase 5 percent in 2021 and reach its end-2019 level in mid-2022.

2. **Colombia has responded to the COVID-19 crisis on two fronts: (a) COVID-19 spread reduction and impact mitigation on the vulnerable population and (b) economic reactivation.** In early March 2020, the Government of Colombia (GoC) allocated COP 31.9 trillion (3.1 percent of GDP) for relief and mitigation, of which slightly more than 16.7 trillion (or around 52 percent of the total) was actually spent, among other things, on health, increasing transfer to vulnerable groups and providing wage subsidies and liquidity support for businesses. In June 2020, the GoC activated the fiscal rule's suspension clause for 2020 and 2021 to boost spending and issued a series of biosecurity protocols for various businesses' operations. In August 2020, it announced a 163 trillion pesos investment plan (about 16 percent of GDP) to be implemented jointly with the private sector over the next ten years. In December 2020, it announced a 2.9 trillion pesos economic reactivation plan to mitigate the increase in poverty and economic vulnerability and the loss of human capital, support sustainable and green growth, and digitalize the economy.

3. **In February 2021, the GoC approved the CONPES 4023, "Policy for the Economic Reactivation and Sustainable and Inclusive Growth," which presents a roadmap to bring the economy to its pre-COVID-19 growth path.** The CONPES is structured around five areas (job creation, clean and sustainable growth, support to the poor and vulnerable, peace, and improved health) and involve an estimated COP135 billion in investments (equivalent to 12.5 percent of GDP) over 2021-2026 in partnership with the private sector. These investments are expected to create 2 million jobs, support vulnerable households and enterprises in a sustainable and inclusive way, and guarantee the vaccination of 35 million people. Key measures include (a) prioritization of 291 infrastructure projects to be financed with PPP, (b) prioritization of over 30 projects in the energy sector and restoration and protection of the environment, (c) rehabilitation of water sewage systems to address the pressing needs of the urban poor and support to the conditional cash transfer program "*ingreso solidario*," (d) implementation of 81 projects to mitigate the impact of COVID-19 in rural zones, and (e) support the implementation of five priority projects to strengthen the health system to address the sanitary emergency and to prevent future waves of contagious.

#### B. WBG Support for Responding to the Crisis

4. **To support Colombia in its response to the COVID-19 crisis, the WBG has been adjusting its financing and knowledge support, using the existing CPF for FY16–FY21 as a starting point.** The CPF, as updated by the PLR, focuses on three objectives: fostering balanced territorial development (Pillar 1), enhancing social inclusion and mobility through improved service delivery (Pillar 2), and supporting fiscal sustainability and productivity (Pillar 3). The COVID-19 crisis's impact highlights the critical importance of the objectives of social inclusion, fiscal sustainability, and medium-term productivity growth.





5. **IBRD financing and knowledge program in FY20-21 have been adjusted in support of Colombia's strategy and programs to address the COVID-19 crisis and promote a sustainable and robust recovery, consistent with the WBG COVID-19 Crisis Response Approach Paper (WBG AP).** The adjustments include additional support in the health sector (both advice and financing) to protect the poor and vulnerable (targeted transfers, reform of the social registries, resilient and inclusive support, increased support for migrants and host communities), and to build resilient and sustainable infrastructure for medium-term growth while maintaining robust macroeconomic policies and fiscal sustainability. The Bank is also supporting Colombia's medium-term structural and institutional reform agenda in internationalization, employment, and improved targeting of subsidies and benefits (see Table 3.1).

**Table 3.1. Key Adjustments to the IBRD Lending and Knowledge Program in FY20–22**

Program	Alignment with WBG Approach Paper	Explanation
<b>Financing</b>		
<i>COVID-19 Crisis Support Response DPF<sup>113</sup> (P174118)</i>	<i>Relief and Restructuring. WBG AP Pillars 1–3</i>	FY20. New operation for direct response by supporting the capacity of the health system, providing income and nutrition support to poor/vulnerable households, and maintaining liquidity and access to finance for firms.
<i>Resilient and Sustainable Infrastructure DPF series (P173424)</i>	<i>Restructuring and Resilient Recovery. WBG AP Pillars 3–4</i>	FY21. Accelerated and adapted programmatic series to support the GoC in its efforts to sustain access to critical infrastructure services for firms and households following the COVID-19 crisis while establishing the policy foundations for recovery through sustainable and resilient infrastructure.
<i>Social and Economic Integration of Migrants DPF (P176505)</i>	<i>Relief, Restructuring and Resilient Recovery WBG Pillars 2 and 4</i>	FY21. New operation to support the social and economic integration of migrants from Venezuela in host areas and improved their access and quality to basic services, with a long-term view to increased productivity and accelerated economic growth.
<i>Competitiveness and Recovery DPF (P175801)</i>	<i>Restructuring and Resilient Recovery. WBG AP Pillars 3–4</i>	FY22. New operation to support the recovery with a focus on (a) fostering a productive and innovative enterprise sector, (b) promoting the digital economy, and (c) removing barriers to international trade and investment.
<i>Equity for Economic Reactivation DPF</i>	<i>Restructuring and Resilient Recovery. WBG AP Pillars 2 and 4</i>	F22. Potential new operation to support the promotion of equitable access to economic opportunities towards a faster and sustainable economic recovery. The program focuses on supporting measures that can advance Colombia’s Equity Pact and support strategies for economic reactivation following the COVID-19 crisis, such as (a) the institutionalization of “Ingreso Solidario”, (b) extension of social protection to those workers with monthly earnings below the MW, and (c) support to the COVID-19 Vaccination Plan.
<b>Knowledge</b>		
<i>New rapid-response analytical and technical assistance on near-term COVID-19 response</i>	<i>Relief WBG AP Pillars 1–3</i>	(a) development of sectoral biosafety protocols; (b) real-time dashboard for the safe reactivation of the economy at the local and national level; (c) rapid poverty simulations; (d) firm surveys and high-frequency data analysis of economic activity; (e) analysis

<sup>113</sup> DPF = Development Policy Financing.



Program	Alignment with WBG Approach Paper	Explanation
		of the impact and improvement of distance learning and advice on the return to attendance based education; (f) analysis of financial risks to transport, electricity and water supply and sanitation; (g) support to Venezuelan migrants and refugees.
<i>Acceleration and adaptation of ongoing or already planned high priority ASA</i>	Restructuring WBG AP Pillars 2–3	(a) Equity Flagship (FY20–21) to analyze and provide potential solutions to Colombia's pervasive challenge of high inequality; (b) Public Finance Review (FY21) to analyze long-standing structural revenue issues and identify efficiency gains.
<i>New technical assistance to advance medium-term development reforms</i>	Resilient Recovery Pillars 3–4	Support for high-level policy commissions ( <i>misiones</i> ) on (a) the "internationalization" and opening of the economy, (b) employment and jobs, and (c) tax expenditures.

6. **Key adjustments to the International Finance Corporation (IFC) program.** IFC's response to the COVID-19 crisis is primarily aligned with Pillar 3, Restructuring and Resilient Recovery, of the WBG AP. IFC has met the relief needs of two discount retailers essential to food provision and employment, providing one with a follow-on equity commitment of US\$15.2 million and the second with a US\$95 million working capital loan. In addition to US\$150 million committed for small and medium enterprise (SME) financing since the start of the crisis, IFC's advisory contributes to protecting the poor and vulnerable (Pillar 2 of the WBG AP) by engaging financial institutions to improve service to SME clients affected by COVID-19. Planned IFC support for the resilience of microfinance institutions will further contribute to protecting the poor and vulnerable (WBG AP Pillar 2). IFC also plans to continue financing resilient firms in significantly affected sectors (WBG AP Pillar 3). IFC and IBRD are working together closely in the ongoing Country Private Sector Diagnostic (CPSD), and IFC provides key inputs to IBRD DPF support for policy and institutional reforms to support private sector-led growth over the medium terms (WBG AP Pillar 4).

7. **Key adjustments to the Multilateral Investment Guarantee Agency (MIGA) program.** In response to the crisis, MIGA's focus has shifted towards shorter-term investments to provide working capital and liquidity support for sectors most severely impacted as part of MIGA's global COVID-19 response package<sup>114</sup> and to support Relief and Recovery (WBG AP Pillar 3). MIGA has issued guarantees for a US dollar debt financing structure of up to US\$385.5 million, supporting Colombia's development bank Bancoldex.<sup>115</sup> In addition, MIGA is currently analyzing a potential transaction to support Bogota's health sector. Currently, MIGA's focus has expanded to support sub-national and State-Owned Enterprises CAPEX investments for infrastructure projects that have been delayed due to the health crisis.

**C. Estimated 2021 Financing Needs and Plans**

8. **The GoC's 2021 financing plan is estimated at 12 percent of GDP.** By raising its stock of deposits, in 2020, the GoC effectively pre-financed 1.2 percent of GDP of its 2021 financing needs. In line with the GoC's past financing plans, it is projected that these needs will require external borrowing for 2.1 percent of GDP (issuances in January amount to US\$2.8 billion, or about 1 percent of GDP), domestic borrowing for 5.0 percent of GDP, the utilization of capital accumulated in the *Fondo de Mitigación de Emergencias* (FOME) for 1.1 percent of GDP, and

<sup>114</sup> MIGA's COVID-19 fast-track response focuses on (a) Procurement of urgent COVID-19 medical supplies; (b) Countering adverse economic impacts through credit enhancements/capital optimizations; (c) Complementing IFC trade finance.

<sup>115</sup> The project aims to support Bancoldex efforts to increase access to credit through emergency liquidity funding to MSMEs.



a slight reduction of deposits to 1.7 percent of GDP. For 2022 the authorities are working on a package of measures to reduce tax expenditures (mostly on the VAT) and increase revenue (including on personal income taxes), worth 1.5 percent of GDP in structural terms, and a plan to increase spending efficiency.

**D. Selectivity, Complementarity, Partnerships**

9. **Coordination and collaboration with development partners continue and have been further strengthened. All partners jointly support Colombia in managing the COVID-19 crisis and laying the basis for a "re-building better" recovery.** Since the start of the crisis in Colombia, the World Bank and IDB, the *Corporación Andina de Fomento* (CAF), UN, and some bilateral partners are coordinating international support through weekly meetings covering a broad range of sectoral, thematic, and financing topics. This close coordination facilitates selectivity and complementarity of support among partners. For example, the World Bank and IDB are jointly supporting firm surveys and high-frequency data analysis, and this work and its conclusions are then shared with other partners to avoid duplication. In consultations among development partners and with the GoC, Colombia's development bank *Bancoldex* is accessing mutually complementary support from MIGA, the IDB, and CAF. Meanwhile, the World Bank is continuing its close collaboration with partners in ongoing and new projects, including the co-financing or parallel financing of the (a) Metro Bogotá (World Bank, IDB, EIB); (b) Plan Pazcífico and Multipurpose Cadaster projects (World Bank, IDB); (c) DPLs (for example, *Agence Française de Développement* for FY20 Territorial Development DPL); (d) projects in environment/climate change (Germany, UK); (e) grant financing for support on migration (for example, Canada, GCFF, GPG).

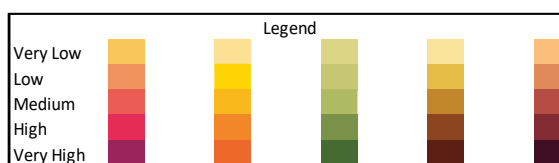


ANNEX 4: Municipal Capacity to Mitigate Vulnerability to Climate Change

1. All municipalities show some level of climate change risk. The table below shows the climate change risk index and hazard, sensitivity, adaptative capacity and vulnerability indices for the 25 municipalities prioritized for the proposed Project as obtained from the climate change risk analysis carried out under the Third National Communication on Climate Change (IDEAM et al. 2017). Given the high vulnerability of Colombia to climate change, it is expected that the proposed Project will likely positively impact vulnerability conditions in these municipalities contributing to climate change adaptation goals. The proposed Project will potentially provide a showcase for safe location of infrastructure and houses through the inclusion of risk criteria in land use planning. This will be possible since 95 percent of prioritized municipalities have a municipal administrative framework that includes a Land-Use Plan (POT) and Hazard Studies and Maps, which help municipalities to mitigate and prevent hazards and risks created by climate change.

Table 4.1: Climate change vulnerability and risk indices

No	Municipality	Hazard	Sensitivity	Adaptative capacity	Vulnerability	Risk
1	Bogota					
2	Arauca					
3	Barranquilla					
4	Bucaramanga					
5	Cali					
6	Cartagena					
7	Cúcuta					
8	Ciénaga					
9	Fonseca					
10	Maicao					
11	Medellín					
12	Rioacha					0.11
13	San Juan del Cesar					
14	Santa Marta					0.13
15	Saravena					
16	Tibú					
17	Villa del Rosario					
18	Valledupar					
19	Soledad					
20	Soacha					0.15
21	Floridablanca					0.16
22	Yopal					0.14
23	Pereira					
24	Bello					0.15
25	Sincelejo					



2. In the table above, the categories of hazard, sensitivity, adaptive capacity, vulnerability and risk were obtained from indices built through a statistical multivariate analysis. The variables used to construct the hazard index cover aspects such as areas, houses and population affected by floods, water availability, damage in houses and lifelines due to changes in precipitation, areas affected by changes in coastal lines, projected changes in damaged highways due to floods and landslides, among many others. The variables used to construct the sensitivity index look into topics such as poverty, GDP indicators, variables based on land use cover, ecosystems variables, demography, health variables and quality of housing among others. The adaptive capacity index includes variables such as access to agriculture equipment, access to funding, investment, protected areas, health resources, and potential for sustainable energy sources, among others. Vulnerability was obtained as the ratio between sensitivity and capacity and risk as vulnerability multiplied by hazard.<sup>116</sup>

Table 4.2: Mitigation of climate change impacts using the municipalities administrative framework (POTs, Hazard Studies, and Maps)

No.	Municipality	Administrative Framework to Accomplish Climate Change Indicators	Status of POTs and Risk Studies
1	Bogota	Yes	The municipality has up-to-date studies based on its POT for the duration between 2015 and 2019.
2	Arauca	Yes	POT adopted in 2015 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
3	Barranquilla	Yes	POT adopted in 2014 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
4	Bucaramanga	Yes	POT adopted in 2014 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
5	Cali	Yes	POT adopted in 2014 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
6	Cartagena	Yes	POT through the POTs Modern Program, includes Risk Management Studies for the municipality were accomplished (2019)
7	Cúcuta	Yes	POT adopted in 2014 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
8	Ciénaga	No	PDET municipality, the MVCT prioritized the municipality to provide technical assistance to strengthen the risks management studies.
9	Fonseca	Yes	PDET municipality, the MVCT prioritized the municipality to provide technical assistance to strengthen the specific risks management studies.

<sup>116</sup> Instituto de Hidrología, Meteorología y Estudios Ambientales, Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), Programa de Naciones Unidas para el Desarrollo (PNUD), Ministerio de Ambiente y Desarrollo Sostenible Colombia (MADS), DNP, Cancillería, 2017. Análisis de vulnerabilidad y riesgo por cambio climático en Colombia. Tercera Comunicación Nacional de Cambio Climático. IDEAM, PNUD, MADS, DNP, CANCELLERÍA, FMAM. Bogotá D.C., Colombia. <http://www.cambioclimatico.gov.co/resultados>. DNP - Departamento Nacional de Planeación (National Planning Department).



No.	Municipality	Administrative Framework to Accomplish Climate Change Indicators	Status of POTs and Risk Studies
10	Maicao	No	Priority is given to provide technical assistance for preparing the basics risk management studies
11	Medellín	Yes	POT adopted in 2014 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
12	Rioacha	Yes	POT adopted in 2015 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
13	San Juan del Cesar	No	PDET municipality, the MVCT prioritized the municipality to provide technical assistance to strengthen the risks management studies.
14	Santa Marta	Yes	POT adopted in 2020 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
15	Saravena	Yes	POT adopted in 2010 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
16	Tibú	No	PDET municipality, the MVCT prioritized the municipality to support technical assistance to strengthen the risks management studies.
17	Villa del Rosario	Yes	POT adopted in 2013 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
18	Valledupar	Yes	POT adopted in 2015 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
19	Soledad	Yes	POT through the POTs Modern Program includes risk management studies for the municipality were accomplished (2019).
20	Soacha	Yes	POT adopted in 2020 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
21	Floridablanca	Yes	POT adopted in 2018 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
22	Yopal	Yes	POT adopted in 2020 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
23	Pereira	Yes	POT adopted in 2016 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.
24	Bello	Yes	POT updated in 2009 including all risk guidelines, unclosing Metropolitan Area Risk Studies.
25	Sincelejo	Yes	POT adopted in 2015 is valid (Risk Management Studies are included) in accordance with Law 388 of 1998 and Decree 1077 of 2015.

3. **Municipal administrative framework is required for the implementation of the proposed Project and to prevent and to mitigate climate change risks and vulnerability, through implementing the Land-Use Plan (POTs) guidelines and developing Risk Management Studies.** The table shows that 21 out of 25 of the municipalities has adopted both administrative actions and documents. It is possible to conclude that majority of the municipalities are capable of complying climate change indicators during the implementation of the proposed Project.



ANNEX 5: Map

