



1. Project Data :
OEDID: L3453
Project ID: P006873
Project Name: Third National Highway Sector Project
Country: Colombia
Sector: Highways
L/C Number: Loan 3453-CO
Partners involved : None
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2. Project Objectives, Financing, Costs and Components :

Objectives : (a) Reduce transport costs, especially for the long -distance export-import traffic; (b) improve project preparation capacity within Ministry of Public Works and Transport and implementation of rolling five -year investment plans; (c) rationalize the structure of the MOPT; (d) improve road maintenance planning and practices; (e) provide for a smooth transfer of part of the national road system to the autonomous regional governments; and (f) improve environmental management of MOPT. **Components :** (i) finance a part of the five-year highway rehabilitation, paving and construction program; (ii) repair, reconstruction or construction of 24 bridges; (c) road safety improvements; (d) technical assistance, studies and training; (e) acquisition of road maintenance equipment; and (f) training and ports of the Magdalena river. The last two components were substantially modified during implementation; the equipment component was virtually canceled in favor of private sector execution of road maintenance and the river component was undertaken by government funding the loan funds transferred to aid the highway sector restructuring. **Project costs and financing :** The total project costs were US\$425.4 (US\$414.0 at appraisal) million of which the Bank financed US\$261.7 million. The project was approved in FY93 and closed nearly fully disbursed in FY 98 six months later than planned.

3. Achievement of Relevant Objectives :

The project objectives were achieved. The project was appraised during a major reform of the Colombian road sector organizations. The Ministry of Public Works and Transport was transformed to Ministry of Transport and an autonomous road agency INVIAS was created and put in charge of the national roads. A substantial kilometrage of former national and lower class roads were devolved to regional governments (departments) whose road institutions also underwent reorganization. In spite of the organizational reform the project objectives remained relevant, but the project components were restructured during implementation. Transportation costs were reduced as the percentage of roads in good condition more than doubled to 76 percent and the administrative costs of road administration decreased. Bridges were repaired or constructed as planned and the planned road safety works were undertaken. The estimated ERR of a sample of civil works was 35.6 percent which is approximately the same as the appraisal estimate of 38 percent. Planning capacity and road maintenance improved. INVIAS has increased funding for road maintenance, is capable of responding quickly, and private sector participation has markedly increased in both planning and maintenance functions. Environmental management has improved through the establishment of environment sub-directorate in INVIAS. The institutional changes and accomplishments have been nothing short of remarkable because of their depth and speed.

4. Significant Achievements :

The significant achievements were the restructuring of the road sector organizations, improvement of the competence of the national roads agency, INVIAS, changes in the management and operating practices of INVIAS, and the concurrent implementation of the civil works.

5. Significant Shortcomings :

There are no significant shortcomings. The restructuring of the Colombian road sector is not yet completed. Significant issues remain either unresolved or unconsolidated. Foremost of the unresolved issues are the institutional capacity at the regional level, which now has to maintain the important regional and local roads, and the

funding of the regional roads.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Uncertain	Uncertain	The reason for 'uncertain' rating is the possible change in political leadership that may revert some changes. Many, if not most, the changes are irreversible whose sustainability is likely.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Exemplary	

7. Lessons of Broad Applicability :

Rich lessons were learnt in this project. Among the most important are: (i) Restructuring a road agency takes time and patience and rarely, perhaps never, follows a predetermined path, not the least because of political considerations and influences; (ii) Bank assistance can be of critical importance for a competent management in the client country to undertake institutional reforms; in this project the Bank was acutely tuned in with the restructuring of INVIAS and was able to provide the right inputs and help form expanded partnerships at the right time; (iii) sustained partnership and co-operation pays off; in a large measure the significant results of this project also derive from the work in the predecessor projects, the Bank's team was not disturbed by unexpected or rapid changes but showed creativity and flexibility to help transform the changes into positive outcomes as the restructuring unfolded during project implementation.

8. Audit Recommended? ☒ Yes ☐ No

Why? The institutional change process that was followed and its aftermath. Sustainability of complex institutional changes and the effects of institutional changes on the quality of civil works. Learn about project preparation and the successful decentralization.

9. Comments on Quality of ICR :

The ICR is exemplary. It discusses all aspects of the project candidly, thoroughly and with competence. Many of the issues discussed in the ICR merit a wide dissemination among the highway professionals in - and outside the Bank.