



## 1. Operation Information

### Operation ID

P126583

### Operation Name

CO Disaster Risk Mgmt Cat DDO II

### Country

Colombia

### Practice Area (Lead)

Urban, Resilience and Land

### Non-Programmatic DPF

#### L/C/TF Number(s)

IBRD-81840

#### Closing Date (Original)

10-Jul-2015

#### Total Financing (USD)

250,000,000.00

#### Bank Approval Date

10-Jul-2012

#### Closing Date (Actual)

10-Jul-2021

#### IBRD/IDA (USD)

#### Co-financing (USD)

Original Commitment

250,000,000.00

0.00

Revised Commitment

250,000,000.00

0.00

Actual

250,000,000.00

0.00

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## 2. Program Objectives and Pillars/Policy Areas

### a. Objectives

The objective of this Development Policy Loan (DPL) operation as stated in the Program Document (PD, page ii) was "to strengthen the Government's program for reducing risks resulting from adverse natural events".



## b. Pillars/Policy Areas

The development objective was to be achieved through reforms in three policy areas/pillars (PD, paragraph 8).

**Pillar 1.** Strengthening disaster risk management (DRM) institutional and planning capacity.

**Pillar 2.** Strengthening the institutional framework and capacity for including DRM in land use planning.

**Pillar 3.** Strengthening policies and tools to reduce disaster risk in the housing sector.

## c. Comments on Program Cost, Financing and Dates

**Financing.** An IBRD loan of US\$250.0 million financed this DPL operation with a Catastrophe Deferred Drawback Option (Cat-DDO). The loan was fully disbursed.

**Dates.** The Bank approved the operation on July 10, 2012, and it became effective on January 3, 2013, with a closing date of July 10, 2015. (According to the World Bank's Financial Product Note (2010), the Cat DDO has a revolving feature, that is, amounts repaid during the drawdown period are available for subsequent withdrawal). According to the Program Document (paragraph 63) the drawdown for this operation was originally for three years. The operation could be renewed up to four times for a total of 15 years. Renewals require that the original program remain largely in place (meaning having an adequate macroeconomic framework and disaster risk management program). The operation was renewed in 2015 and 2018 for a total implementation period of nine years. The operation closed on July 10, 2021.

**Changes.** As the original targets were realized, the Government and the Bank increased some results indicator (RI) targets when the operation was renewed in 2015 and 2018. When the operation was renewed in 2018, some RIs were replaced by more ambitious ones (discussed in Section 4 of this review).

## 3. Relevance of Design

### a. Relevance of Objectives

**Country context.** According to the Global Hotspots Analysis, 85% of Colombia's population and 87% of its assets are in areas exposed to two or more natural hazards (earthquakes, volcanic eruptions, landslides and extensive flooding) per year. Past experiences showed that hazards disproportionately affected the poor and vulnerable segments of the population. For instance, the population of over 3.5 million affected in the wake of the La Nina floods in 2010 and 2011 were from the lowest income quintiles. This event highlighted the need for improving disaster risk analysis at the territorial, sectoral and subnational levels.

**Government Strategy.** Since mid-1990s, Colombia shifted focus towards proactive DRM measures as opposed to treating natural hazards as external shocks based on four lines of actions: (i) identifying risks; (ii) reducing risks; (iii) institutional development; and (iv) raising risk awareness. The Government's strategy, articulated in *Vision Colombia 2019* identified three priority DRM areas: (i) strengthening actions in disaster



risk prevention and mitigation; (ii) reducing the fiscal vulnerability to hazards; and (iii) improving decentralization and land use planning. The National Development Plan (NDP) *Prosperity for All* for 2010 to 2014 identified DRM as a national priority. This DPL supported the three areas of the Government plan (discussed below).

**Bank Strategy.** At appraisal, the PDO was well-aligned with the Bank's 2012-2016 Country Partnership Strategy's (CPS) theme of *Sustainable Growth with Enhanced Climate Change*. The CPS underscored the need to address Colombia's vulnerabilities related to urbanization through improving, land management, service delivery and governance. The PDO is well-aligned with the current Country Partnership Framework (CPF) for 2016 - 2021. The CPF reiterated the need for territorial development, acknowledged the inadequacy of DRM for Colombia's growing urban population in the face of climate change, and identified DRM as among the country's constraints for achieving inclusive and sustainable growth.

The Bank financing for this operation intended to provide Colombia with: (i) a fiscal buffer for reducing the impact of natural disasters; (ii) ensuring that national budget resources are not diverted from other programs; and (iii) provide bridge financing for immediate response following natural disasters. The DPL was an appropriate and relevant use of Bank resources, given that the operation addressed country-specific challenges of anticipated recurring natural disasters that would disproportionately affect the vulnerable segments of the population.

**Previous Bank experience.** The Bank has a history of financing projects, technical assistance (TA) work and analytical work on DRM in Colombia such as through the: (i) The National Disaster Vulnerability Reduction Projects 1 and 2; (ii) Four TA processes in 2011 for using an open source risk assessment platform for integrating probabilistic risk information in specific policy making processes; (iii) The National Macroproyectos Social Interest Program for providing affordable housing to low-income beneficiaries in 2011 ; and (iv) The First Programmatic Fiscal Sustainability and Growth Resilience Operation in 2011 for developing a national financing strategy to reduce fiscal vulnerability to risks, including disaster risks. The Bank when this operation was being prepared, was also providing TA in designing an inventory tool to help the municipalities prepare inventories of informal settlements in high-risk areas.

This operation was the second Bank-financed DPL loan with a Cat-DDO in Colombia. The first loan was disbursed within 72 hours and the operation provided a critical cushion to the government to support its emergency response following the La Nina floods in 2010 and 2011. The operation aimed to support three areas of the NDP for 2010-2014: (i) strengthen policies and institutions of the National System for Disaster Management and Prevention; (ii) strengthen policies and tools to improve land use planning; and (iii) reduce risks in the housing sector.

The Bank team assessed Colombia's macroeconomic outlook as adequate for supporting a DPL at appraisal. Colombia also had a flexible credit line with International Monetary Fund (IMF) when this operation was prepared.

## **b. Relevance of Prior Actions**

### **Rationale**



**PDO. To strengthen the Government's program for reducing risks resulting from adverse natural events.**

**Pillar # 1. Strengthening DRM institutional and planning capacity.** There was only one prior action (PA) for this pillar.

**PA # 1.** The Government enacted legislation (# 1523) on April 24, 2012, establishing the national DRM policy and the National DRM System (SNGRD) for implementing DRM issues and created a National Agency (UNGRD) through Decree (# 4147) on November 3, 2011, for coordinating activities under the SNGRD. The decree elevated the Directorate of Disaster Risk Management (DGR) which had been in the Ministry of Interior, to a stand-alone entity directly under the Presidency. This law also mandated the DGR to provide technical support to municipalities to formulate DRM measures in their development plans.

When this operation was prepared, mainstreaming disaster risk reductions in development plans in Colombia was done at three levels: the national government, departmental governments and by municipalities. The aftereffects of the 2010-2011 La Nina floods and landslides which affected over 90% of the municipalities, underscored the need for a coordinated approach to disaster risk identification and risk reduction. Although Colombia had enacted legislation on Disaster Management and Prevention (SNPAD) in 1993, the law did not evolve in line with constitutional changes, decentralization and with the international agreements signed by Colombia since then. The law neither clearly articulated the responsibilities of the various government entities, nor did it ensure that municipalities had capacities for implementing DRM measures (such as for watershed protection and land-use regulations).

The analytical underpinnings for the prior actions for this program were based on: (i) the *Hyogo Framework for Action*, developed by the United Nations International Strategy for Disaster Risk Reduction Secretariat and endorsed by the Government. This report made the case for having a risk financing strategy and provided guidelines for developing disaster risk management actions; and (ii) the World Bank's *Natural Disaster Hotspots: A Global Analysis*. This report identified Colombia as one of the most exposed countries in the world to multiple hazards based on land area exposed and percentage of total population at risk.

The mandates of the DGR would help in clarifying the responsibilities of the government entities and strengthening the technical assistance provided by the national government to the municipalities for identifying and managing disaster risks. Assuming that the Government maintains its commitment to DRM, this prior action would help in strengthening the Government's program for reducing risks from natural disasters. Therefore, this prior action is rated **satisfactory**.

**Pillar 2. Strengthening the institutional framework and capacity for including DRM in land use planning.** There was one prior action.

**PA # 2.** The Government enacted legislation (Article 189 of Decree 019) on June 16, 2011, mandating identification and zoning of hazard risk areas and defining specific measures as part of the review process for the issuance of new land plans and revising the existing ones.

Historical records in Colombia indicated that 80% of the damages generated by natural hazards in municipalities were due to inadequate land management (problems of location) and housing quality (poor construction). Although Colombia had enacted legislation in 1993 for incorporating risk as a component of municipal land management and water resource management, progress in this area was limited. The major floods that affected Colombia in 2010 and 2011 indicated that the municipal land use plans did not adequately cover flood risk aspects. The National Development Plan for 2010 - 2014 noted that only 83 watershed



management plans were approved, and even the approved ones did not adequately incorporate the risk component.

The analytical underpinnings for this pillar and the following pillar (discussed below) were based on: (i) "*The Global Assessment Report on Disaster Risk Reduction*" by the United Nations Strategy for Disaster Risk Reduction Secretariat. This assessment examined DRM instruments in countries like Colombia where significant barriers still existed in areas such as land use planning, water management, building codes and ecosystem management and identified new approaches for addressing DRM measures; and (ii) "*Natural Hazards, Unnatural Disasters; The Economics of Effective Prevention*" by the World Bank and the United Nations in 2010. This report presented examples from around the world that demonstrated that government investments in ex ante DRM measures (as opposed to emergency response) can be more cost effective for managing natural disaster risk.

Assuming that the municipal land-use plans are effectively enforced, this prior action would help in strengthening the institutional framework for land use planning in urban areas. The links between this prior action which were based on sound analytical underpinnings and the intended outcome of strengthening the Government's program for reducing risks resulting from adverse natural events in urban areas were clear. Therefore, this prior action is rated **satisfactory**.

**Pillar 3. Strengthening policies and tools to reduce disaster risks in the housing sector.** There was one prior action.

**PA # 3.** The Government enacted legislation (Article 218 of 1450) on June 16, 2011, mandating the development of a methodology for formulating and consolidating a national inventory of informal settlements in areas deemed to be "high-risk".

When this operation was under preparation, estimates showed that 50% of households in Colombia lived in informal urban settlements that were vulnerable to natural disasters due to inefficient housing standards. Over the last forty years, housing sector losses due to natural disasters amounted to over 190,000 houses destroyed and the cost of losses resulting from high-impact, low-frequency disaster events has been estimated to be approximately US\$2.04 billion (Program Document, paragraph 96). This was due to a combination of factors including, lack of municipal inventories of settlements in high-risk areas, lack of technical capacities in the municipalities to prepare such inventories and lack of national guidelines on preparing such inventories.

The ability to measure and monitor settlements in high-risk areas will help in enabling the government to integrate territorial planning in municipalities and also help the municipalities to resettle people located in areas where the risks cannot be mitigated. The analytical underpinnings of this prior action were sound and the link between the prior action and the PDO was clear. Therefore, this prior action is rated **satisfactory**.

In summary, this review rates the objective of this PDO as relevant to the current government and Bank strategy. The prior actions were aligned with the goals outlined in the National Development Plan and the policy matrix was based on the Government's program. The prior actions included a mix of upstream national level activities and activities at the sectoral and subnational levels for strengthening the government program of reducing risks from natural disasters. They were based on sound analytical underpinnings. Therefore, this review rates the overall relevance of DPL design as **satisfactory**.

## Rating



Satisfactory

#### 4. Relevance of Results Indicators

##### Rationale

**Pillar 1. Strengthening DRM institutional and planning capacity.** Reforms in this area aimed at strengthening DRM institutional and planning capacity for improving nationwide coordination of DRM activities. There were two original results indicators (RIs).

**RI # 1.** The number of instruments for inter-agency coordination put in place by the agency under the Presidency for coordinating DRM measures.

**RI # 2.** The number of DRM plans formulated by the municipalities under the technical assistance of the National Unit for DRM as per the national guidelines for DRM. As the original targets were realized in 2012, the targets for RIs 1 and 2 were revised upwards when the DPL was renewed in 2015 and 2018. Two more indicators were added when the operation was renewed in 2018.

**RI # 3.** The National DRM Technical Assistance Program was designed, approved and implemented.

**RI # 4.** The Environmental Damage Losses and Needs Assessments were designed and implemented.

The RIs are a direct measure of the prior actions aimed to strengthen the institutional and planning capacity for strengthening DRM both at the national level and in the municipalities. The indicators were quantifiable and verifiable. Therefore, the relevance of the four RIs are rated as **substantial**.

**Pillar 2. Strengthening the institutional framework and capacity for including DRM in land use planning.** Reforms in this area aimed to strengthen the institutional framework for including DRM in land-use planning. There were two original RIs and one additional indicator was added when the operation was renewed in 2018.

**RI # 5.** The number of municipalities which under the new decree revised their land use plans to be in line with the national guidelines for DRM that had been agreed with the Regional Autonomous Corporation (CAR).

**RI # 6.** The number of watershed management plans with DRM in their formulation.

As the original targets for RIs 5 and 6 were not achieved by 2015, the targets were maintained when the operation was renewed for the first time in 2015. As the targets were realized by 2018, the two indicators were replaced by another (single) indicator when the operation was renewed for the second time in 2018.

**RI # 7.** The number of departments with climate change adaptation initiatives that included risk assessment and risk reduction actions that were implemented within the Territorial Climate Change Management Plan.



The three results indicators directly measured the intended outcome of strengthening the institutional framework for including DRM in land use planning at the national level and in the municipalities. The indicators were quantifiable and could be monitored. Therefore, the relevance of the indicators is rated as **substantial**.

**Pillar 3. Strengthening policies and tools to reduce disaster risk in the housing sector.** There were three RIs.

**RI # 8.** The number of municipalities that were assisted and trained in applying the methodology to design inventories of high-risk areas.

**RI # 9.** The number of municipalities that created inventories of settlements in high-risk areas as per the guidelines of the Ministry of Housing, Cities and Lands and reported the information.

**RI # 10.** The number of documents produced for the resettlement processes of families in areas where risks could not be mitigated.

The three indicators measured the extent to which the reforms contributed to assisting the number of municipalities to design inventories of settlements in high-risk areas and help the resettlement of population in areas where the risks could not be mitigated. The indicators were to some extent monitorable and were relevant for the intended outcome of strengthening policies and tools to reduce disaster risk in the housing sector. Therefore, the relevance of the indicators is rated as **substantial**.

Overall, the links between the PAs and results indicators were logical and relevant for monitoring the intended outcomes.

**Table. Results Indicators (RIs), the Prior Actions (PAs) they support, baseline values, target values, actual change in RI relative to target and RI achievement rating.**

<b>Pillar #1. Strengthening institutional and planning capacity in DRM</b>					
<b>PA #1. National Policy and National System for DRM updated, and National DRM Agency created</b>					
<b>RIs</b>	<b>Relevance of RI</b>	<b>2012-2015</b>	<b>2015-2018</b>	<b>2018-December 2021</b>	<b>RI achievement rating</b>
RI # 1. The number of DRM instruments put in place by the new agency under the Presidency for inter-agency coordination.	Substantial	Baseline: 0 Target: 2  Actual: 2 100% achieved	Baseline: 2 Target: 4  Actual: 5	125% achievement	Satisfactory
RI # 2. The number of municipal plans formulated with technical support	Substantial	Baseline: 388 Target: 688 Actual:	Baseline: 813 Target: 886 Actual: 1,054.	119% achievement. This indicator was replaced by RIs 3 and 4	Satisfactory



from the National Disaster Risk Agency (UNGRD)		813 118% achieved			
RI # 3. The National Technical Assistance Program in DRM and Climate Change Adaptation was designed, approved and implemented	Substantial	Not applicable	Not applicable	Baseline: 0 Target: 1 45% achieved	Satisfactory
RI # 4. The number of Environmental Damage Losses and Needs Assessments (EDANA) designed and implemented	Substantial	Not applicable	Not applicable	Baseline: 0 Target: 5 100% achievement.	Satisfactory
<b>Pillar #2. Strengthening the institutional framework and capacity for including DRM in land use planning</b>					
<b>PA #2. The Government mandated the municipalities to identify disaster risk areas and required them to include DRM in their watershed management plans</b>					
RI # 5. The number of municipalities that revised their land use plans with DRM measures as per the national guidelines.	Substantial	Baseline: 0 Target: 25 Actual: 15 60% achieved	Baseline: 15 Target: 25 Actual: 129	516% achievement. This indicator was replaced by RI # 7 discussed below	Satisfactory
RI # 6. The number of municipal Watershed Management Plans with DRM in their design	Substantial	Baseline: 0 Target: 15 Actual: 5 33.3% achieved	Baseline: 5. Target: 60 Actual: 58 97% achieved	97% achievement. This indicator was replaced by RI # 7 discussed below	Satisfactory
RI # 7. The number of departments with Climate Change Adaptation (CCA)	Substantial	Not applicable	Not applicable	Baseline: 0 Target: 10 Actual: 10 100% achievement.	Satisfactory



initiatives that included risk understanding and risk reduction actions					
<b>Pillar #3. Strengthening DRM policies in the housing sector</b>					
<b>PA #3. The Government enacted legislation mandating the development of a methodology for formulating and consolidating a national inventory of settlements in high-risk areas</b>					
RI # 8. The number of municipalities trained in applying the methodology for designing inventories of high-risk areas	Substantial	Baseline: 0 Target: 250 Actual: 109 43.6% achieved	Baseline: 109 Target: 250 Actual: 267.	107% achievement.	Satisfactory
RI # 9. The number of municipalities that created inventories of settlements in high-risk areas under the guidelines of the Ministry of Housing, Cities and Land (MVCT)	Substantial	Baseline: 0 Target: 25 Actual: 4 16% achieved	Baseline: 4 Target: 25 Actual: 10	40% achievement.	Moderately Unsatisfactory
RI # 10. The number of documents of resettlement processes of families in areas where risks could not be mitigated, that were used as an input for preparing guidelines for resettlement of population from such areas	Substantial	Not applicable.	Baseline: 0 Target: 2 Actual: 2.	100% achievement	Satisfactory

## Rating

Satisfactory



## 5. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To strengthen the Government's program for reducing risks resulting from adverse natural events.

#### Rationale

**Theory of change.** There were three PAs that were expected to provide the basis for achieving this objective.

**PA # 1** aimed to strengthen the institutional and planning capacities for DRM at the national level and in municipalities. Reforms such as updating the national DRM policy, the National System for DRM, creating the politically empowered National DRM agency, can be expected to help in inter-institutional coordination and for establishing the National Emergency Response Strategy. Technical support provided by the National DRM agency to the municipalities were likely to help them in formulating municipal DRM plans that adhered to the national guidelines.

**PA # 2** aimed to strengthen the municipalities institutional framework for integrating DRM in land-use planning. Technical support by the government to the municipalities to revise their territorial development plans using the guidelines of the Regional Environmental Authorities, incorporating DRM measures in Watershed Management Plans, and including risk understanding and risk reduction actions under the framework of the Territorial Climate Change Management Plan, were likely to strengthen the institutional framework and capacity for integrating DRM measures in land-use planning.

**PA # 3** aimed to strengthen the DRM policies and tools to reduce risk in the housing sector. Developing a methodology for consolidating a national inventory of settlements in high-risk areas, training municipalities in applying the methodology for designing such inventories and developing plans for resettlement of people located in high-risk areas where risks could not be mitigated. Together these activities were likely to strengthen DRM policies and strategies in the housing sector.

Assuming that the Government remains committed to the DRM program, these reforms were likely to strengthen the government's program for reducing risks resulting from adverse natural events.

**PA # 1. Strengthening DRM institutional and planning capacity.** (RIs 1 - 4).

#### Achievements.

- The National DRM policy was formulated, and the National DRM system was updated.
- The National DRM Agency (UNGRD), directly under the Presidency was created to coordinate DRM efforts and to provide technical support to the municipalities.
- The National DRM Agency created two instruments for inter-institutional coordination of the national DRM system as targeted by 2015. Five instruments for inter-institutional coordination by 2018, exceeding the target of four. This represented 125% of the target when the operation closed in 2021.
- 688 municipalities formulated plans with DRM features in 2015 (as compared to 388 at the baseline in 2012) with technical support from UNGRD. This was short of the target of 813. By 2018, 1,054



municipalities formulated plans (as compared to 813 in 2015), exceeding the target of 886. This represented 119% of the target when the operation closed in 2021.

- Five Environmental Damage, Losses and Needs Assessment (EDANA) were designed and implemented by the Regional Environmental Autonomous Corporations (CARS) as targeted. EDANA supported the coordination between the National Disaster System (SNGRD) and the National Environmental System (SINA) and provided environmental information for decision-making in the planning stage for post-disaster recovery.
- The National Technical Assistance program was not implemented when the operation closed due to the restrictions in the wake of the COVID 19 pandemic.

## **PA # 2. Strengthening the institutional framework and capacity for including DRM in land use planning. (RIs 5 - 7).**

### **Achievements.**

- 15 municipalities revised their land use plans (POT) with the Regional Environmental Autonomous Corporations by 2015. This was short of the target of 25. By 2018, 129 municipalities revised their land use plans exceeding the target of 25. This represented 516% achievement relative to the target when the operation closed.
- Five Watershed Management Plans were completed by the municipalities with DRM in their design by 2015. This was short of the target of 15. By 2018, 58 plans Watershed Management Plans were completed by the municipalities by 2018, slightly short of the target of 60. This represented 97% achievement relative to the target when the operation closed in 2021.
- Ten departments with climate change adaptation initiatives or projects under implementation included risk understanding and risk reduction actions as targeted. The ICR (page 18) noted that to date Colombia has exceeded the target of ten departments and is to date implementing 24 projects with climate change adaptation initiatives.

## **PA # 3. Strengthening policies and tools to reduce in the housing sector. (RIs 8 - 10).**

### **Achievements.**

- 109 municipalities were assisted and trained in applying the methodology to design inventories of high-risk areas, short of the target of 250 by 2015. By 2018, 267 municipalities were trained, exceeding the target of 250. This represented 107% achievement when the operation closed.
- Four municipalities created inventories of settlements located in high-risk areas under the guidelines of the Ministry of Housing, Cities and Land (MVCT) by 2015, far short of the target of 25 municipalities. By 2018, ten municipalities created inventories, short of the target of 25. This represented 40% achievement relative to the target.
- Two documents were produced to support the resettlement processes of families in areas where risks could not be mitigated as targeted.

**Drawdown of the Cat-DDO.** Colombia requested the activation and full disbursement of the Cat-DDO to respond to the emergency caused by the COVID19 pandemic. Although this cat-DDO did not explicitly allow disbursements based on public health emergencies, a legal determination by the Bank made COVID19 "an eligible disaster". This allowed drawdowns for public health emergencies.



**Summary.** Of the six original results indicators, four were realized (although with some delays). Given that two indicators were not realized, overall efficacy is rated as moderately satisfactory.

### Rating

Moderately Satisfactory

## Overall Achievement of Objectives (Efficacy)

### Rationale

Of the six original results indicators, four were realized (although with some delays). Given that two indicators were not realized, overall efficacy is rated as moderately satisfactory.

## Overall Efficacy Rating

Moderately Satisfactory

## 6. Outcome

### Rationale

Relevance of the PDO to the Government and current Bank strategy for Colombia is high. The prior actions were aligned with the goals outlined in the Government's National Development Plan and the policy matrix was based on the Government's program. The prior actions were based on sound analytical underpinnings. The causal links between the prior actions and the PDO was logical and the results indicators appropriate for monitoring performance.

Of the original results indicators, four were realized (although there were some delays in realizing the indicators with municipalities). Taking these factors into account, the program's achievements had moderate shortcomings and its overall outcome is therefore rated moderately satisfactory.

### a. Rating

Moderately Satisfactory

## 7. Risk to Development Outcome

**Government commitment/ownership.** The risk to the development outcomes is moderate. The ICR (paragraph 58) notes that specific instruments and tools developed under the prior actions of this operation, such as the national inventory of settlements in high-risk areas and guidelines for municipalities to



include DRM in climate change and land-use plans, are institutionalized under the government's national and regulatory framework. The ICR also notes that the Government is strongly committed to DRM as evidenced by the fact that it has requested a Cat-DDO III to strengthen DRM.

## **8. Assessment of Bank Performance**

### **a. Bank Performance – Design**

#### **Rationale**

The Bank prepared this operation based on the experiences from the Bank's earlier DRM operations in Colombia and elsewhere. Lessons incorporated at design included: (i) increasing risk awareness and sources of financing; (ii) strengthening the DRM framework; and (iii) establishing the mechanism for securing immediate access to emergency financing in the wake of a natural hazard. The analytical underpinnings of the prior actions were sound (discussed in Section 3 of this review). The development objective, the prior actions and the results indicators were prepared in close collaboration with the relevant government agencies.

The project identified several risks to the operation including substantial macroeconomic risks given Colombia's exposure to three types of external shocks, such as a slowdown in economic activity in the United States, decline in oil prices, and global financial market turmoil. The PD (paragraph 118) notes that the authorities had some domestic monetary and fiscal space which could be utilized to counter external shocks, and the IMF Credit Line combined with ample international reserves, provided an additional buffer. Given this, the overall operational risk was rated as moderate at appraisal (PD, paragraph 116).

There were moderate shortcomings in program design. In this operation some results indicators were assigned at the subnational level (the municipalities). Assigning results indicators at the subnational level straitjacketed the actions of the directly responsible national government entities and required adjustments. RIs under municipal responsibility exceeded the functions and capacities of the national government entities responsible for their completion. Eventually this issue was resolved by assigning the responsibility of monitoring the activities of the municipalities to the national entities.

#### **Rating**

Moderately Satisfactory

### **b. Bank Performance – Implementation**

#### **Rationale**

According to the ICR (paragraph 54), the Bank team carried out thirteen missions during the 2013 - 2021 period and maintained a continuous dialogue with the government during this period. The supervision team helped in mitigating the challenges posed by the personnel turnover in the ministries. The Bank also provided substantial



support to the achievement of results indicators at the municipal level, such as helping them to develop the inventory of settlements located in high-risk areas. The Bank together with the Government increased the targets when the operation was renewed in 2018 and replaced some indicators with more ambitious ones when the operation was renewed in 2018.

## Rating

Satisfactory

### c. Overall Bank Performance

#### Rationale

Overall Bank performance is rated as moderately satisfactory, in view of the moderate shortcomings in program preparation.

#### Overall Bank Performance Rating

Moderately Satisfactory

## 9. Other Impacts

### a. Social and Poverty

The identification of settlements and analysis of the resettlement processes for households in high risk areas where risks could not be mitigated, contributed to savings and protecting the assets of vulnerable population. The loan activation and disbursement also proved very helpful to mitigate the socioeconomic impacts of the COVID-19 pandemic.

### b. Environmental

The increase in risk management capacities could have positive environmental impacts through improved environmental management in territorial planning, safety in water supply and sanitation and strengthening of the integrated management of hydrographic basins.

### c. Gender

This operation did not directly have a gender dimension.



#### d. Other

The ICR does not mention any unintended consequence.

## 10. Quality of ICR

### Rationale

The ICR is concise and well-written. The theory of change provided in the ICR clearly articulates the links between the prior actions, the results indicators and the intended outcomes. The quality of evidence and the analysis provided in the ICR is adequate to assess the achievements. The ICR candidly discusses the issues at the subnational level. The ICR draws good lessons from the experience of implementing this operation.

### a. Rating

Substantial

## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Relevance of Results Indicators	---	Satisfactory	
Quality of ICR	---	Substantial	

## 12. Lessons

The ICR draws the following main lessons from the experience of implementing this operation, with some adaptation of language.

**1. In cases where subnational entities are responsible for the monitoring of the results indicators, it helps if extensive support is provided to them by way of technical assistance at the design stage.** In this operation, the rather limited progress in achieving results particularly in the initial years, were due to the weak capacity of the municipalities.



**2. Strong analytical underpinning and timely technical assistance during implementation can help in securing government ownership.** In this operation, the analytical base and technical assistance provided by the Bank greatly helped in getting the government committed to the reforms.

**3. It is useful to have a report on the achievements and progress during implementation.** The operations renewals offer the opportunity to update or adjust the results indicators depending on the progress achieved so far.

**4. Although the Cat-DDO was originally designed to cover emergencies due to natural hazards, the COVID19 pandemic demonstrated the importance of being able to use drawdowns in the face of a health emergency, such as epidemics or pandemics.** This health emergency in Colombia highlighted the importance of clearly defining the Cat-DDO activation eligibility criteria.

### 13. Project Performance Assessment Report (PPAR) Recommended?

No