

Please read carefully the "Guidelines for the Submission of Proposals" which outline the modalities for application and the criteria for the selection of proposals spelled out in the Cities Alliance Charter. Please ensure that all necessary supporting documentation is attached to this form. Additional information may also be enclosed, **but total submission should not exceed 12 pages.**

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**DATE: 20 October 2010**

**1. TITLE of PROPOSAL: MACROPROYECTOS DE INTERES SOCIAL NACIONAL: DEVELOPING A POLICY AND PROGRAM FRAMEWORK**

**2. PROPOSAL SUBMITTED BY<sup>1</sup>:**

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Contact person for questions on the application:  
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**3. CITIES ALLIANCE MEMBER(S) SPONSORING THE APPLICATION:**

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**4. RECIPIENT ORGANISATION: – World Bank**

Task Manager Name & Title: Taimur Samad, Senior Urban Specialist  
Organisation: World Bank  
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<sup>1</sup> Country-specific proposals typically originate from local authorities, but must be sponsored by at least one member of the Cities Alliance (see [Cities Alliance Charter](#), Section D.14).

**INFORMATION ON PROPOSED PROJECT:**

- 6. Type of project (*check one*):  
 City Development Strategy  Slum Upgrading  Both
- 7. Geographic scope of project (*specify*):  
 City: Fourteen primary cities in Colombia<sup>2</sup>  
 Country: Colombia  
 Global/Regional/Multi-country: n/a
- 8. Expected duration: 18 months

**BUDGET SUMMARY:**

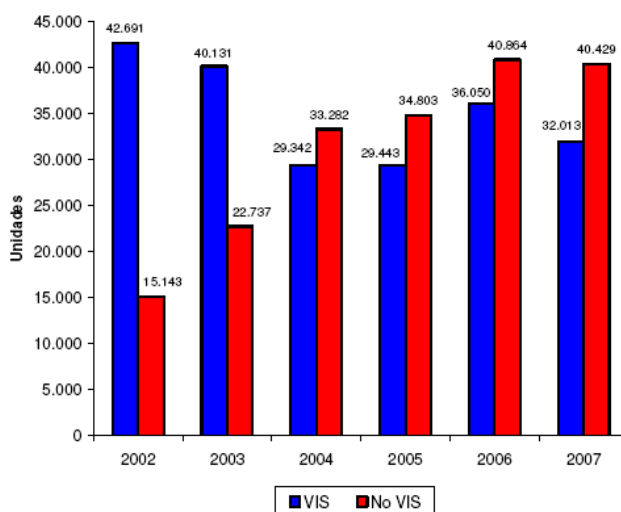
- 9. Amount of total budget requested from Cities Alliance funding: US Dollars \$ 225,000
- 10. Co-financing amount of total budget, including local partners: US Dollars \$ 200,000
- 11. Total project budget cost: US Dollars: \$ 425,000

**DESCRIPTION OF PROPOSED PROJECT:**

**12. Background – issues to be addressed and scope of project**

The housing sector in Colombia is characterized by large quantitative and qualitative deficits and constrained capacity to meet residual and new demand for housing solutions. Based on results from the 2005 census, the overall housing deficit stood at 3.8 million of which 2.2 million households were in urban areas – representing approximately 27 percent of all urban households in the country. An estimated 1.0 million of this urban deficit was characterized as quantitative, while the remaining 1.2 million was a qualitative housing deficit related to substandard structures and inadequate access to basic services. Annual new household formation averaged just over 302,000 between 1993 and 2005. Overarching deficit and household formation numbers are imprecise proxies for effective demand. Nonetheless, these figures provide an order of magnitude estimate for the required housing supply. During the same intercensal period the overall housing stock expanded by over 261,000 on average annually. However, over 62 percent of this supply was in the informal sector thereby contributing to the growing qualitative deficit. Figure 1 illustrates that overall formal sector housing production has been steady in recent years peaking with over 76,000 units completed in 2006. Production of social interest housing (VIS) has in fact declined since 2002.

**Figure 1: New Housing Completions (2002-2007)**

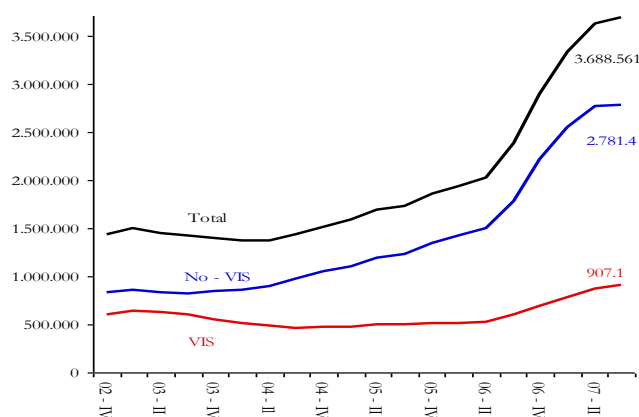


Source: DANE

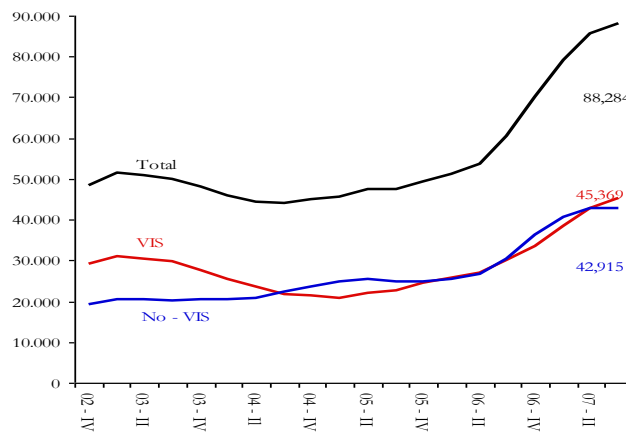
<sup>2</sup> The cities are: Bogotá, Medellín, Cali, Barranquilla, Bucaramanga, Cartagena, Cúcuta, Pereira, Ibagué, Manizales, Villavicencio, Pasto, Montería, and Armenia. They account for a large portion of demand for housing solutions.

**Housing finance in Colombia has experienced modest growth and consolidation since the financial crisis devastated the sector in the late 1990s.** The overall outstanding mortgage portfolio as a ratio of GDP stood at 11.1 percent in 1998 and has since contracted to 3.4 percent in 2007. Mortgage finance has nonetheless rebounded dramatically in recent years (see figures 2 and 3). Overall mortgage lending in terms of new origination has increased by 158 percent from 2002 to 2007 – although not driven by social interest housing (VIS). Mortgage origination has nearly doubled during the same period, evenly spread between the VIS and non-VIS segments. The growth in mortgage finance has been reinforced by the development of the secondary market through *Titularizadora Colombiana* which has securitized 30 percent of the outstanding mortgage portfolio and the discounted line of credit funded through partnership agreements with commercial banks through FINDETER is estimated to have accounted for 23 percent of all VIS lending from 2004-2007.

**Figure 2: Mortgage Lending**  
Millions of 2007 Pesos (2002-2007)



**Figure 3: New Mortgage Loans**  
(2002-2007)



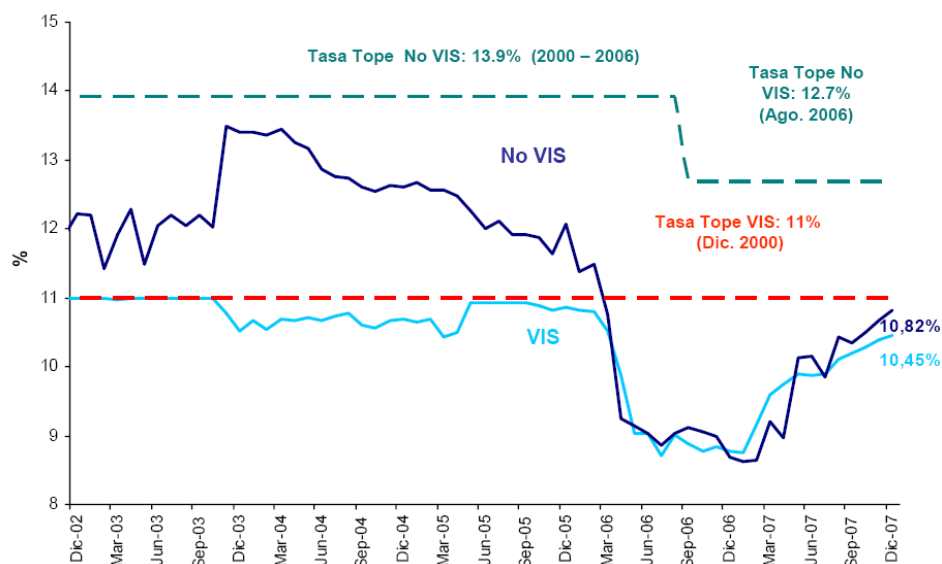
Source: Superintendencia Financiera, calculations Economía Urbana

**Growth in mortgage lending to low and middle-income borrowers is in part constrained by high levels of labor force informality** which complicates the ability of banks to confirm income and effectively evaluate and price risk. An estimated 56.6 percent of the labor force in 13 main urban areas is estimated to be in the informal sector – peaking at 64.1 percent in Cartagena, 63.0 percent in Barranquilla and 62.5 percent in Bucaramanga. The Government of Colombia has in recent years initiated efforts to increase access to finance for the informal sector through a voluntary savings program (*Ahorro Voluntario Contractual*) under the *Fondo Nacional de Ahorro* (FNA). The program requires members to participate in a savings scheme adjusted to reflect income characteristics and affordability levels. Upon successful completion of the 12 month program the saving household becomes eligible to apply for mortgage at a predetermined interest rate. The program has signed up over 300,000 members between May 2007 and 2008 and the Government is currently seeking long-term financing for FNA so as to mitigate the constraints in access to mortgage finance for the informal sector.

**Interest rate caps on mortgage lending and related credit policies appear to limit access to finance for VIS segments.** The Constitutional Court decision of 2000 to cap interest rates at UVR plus 13.9 percent for non-VIS (reduced to 12.7 percent in 2006) and 11 percent for VIS segments has likely discouraged mortgage lenders from extending credit to riskier borrowers in the VIS segment. Lenders have consistently originated at around the 11 percent cap. In March 2006 lenders reduced rates to below 9 percent suggesting improved competition in the market and an increased appetite for lending in this segment (see Figure 4). However, as of December 2007, rates have returned to near the cap levels averaging 10.82 percent.<sup>3</sup> While interest rate caps do appear to discourage mortgage lenders from seeking out riskier and informal sector borrowers, the Government has taken important measures to expand mortgage lending to VIS segments and there appears to be capacity to expand lending within current credit constraints. This is further evidenced by the aggressiveness of particular lenders in the Colombian market to increase market share (e.g. Bancolombia, Colmena and Davivienda).

<sup>3</sup> Mortgage lending in pesos is also capped at the 12 month average of UVR plus 13.1 percent. After a similar dip in rates after March 2006, peso denominated loans for both VIS and non-VIS segments have returned to near cap levels at 15.66 percent and 15.91 percent respectively.

**Figure 4: Mortgage Interest Rates – VIS and No-VIS Segments**



Source: Superfinanciera, calculations Titularizadora Colombiana

**Complex land use planning regulations and development and construction permitting procedures constrain the supply of affordable land and housing.** Law 388 of 1997 established norms and responsibilities for land use planning delegating these functions to municipal governments and mandating the use of the *Plan de Ordenamiento Territorial* (POT) – or land use plan. While technically a robust instrument for integrated land use planning, POTs are responsible for establishing very specific land uses for residential, commercial and industrial purposes. The legal process for amending POTs and developing a Partial Plan for very small parcels is exceedingly lengthy and equivalent to the same for major land use changes which involve public consultations, environmental assessments and high-level approvals from municipal authorities. Additionally, municipalities frequently lack adequate urban planning capacity to develop and review POTs and Partial Plans. This is most critically the case in predominantly rural municipalities bordering large cities that increasingly feel the pressure of – resultantly informal – urban expansion. The unit of analysis for each POT is the municipality and as such these instruments effectively lack an adequate regional land use framework.

Converting rural or other non-residential land to urban land developable for residential purposes with associated development and construction permits is a highly complex and subjective process varying considerably across jurisdictions. A study by CAMACOL<sup>4</sup> for the Cundinamarca department which includes Bogotá in 2007 found that the process for converting rural to urban land and acquiring necessary land use and construction permits took over 7 years for the average parcel including considerable rent-seeking behavior by municipal officials throughout the process. The same study estimates that the cost of delays and procedures associated with this regulatory approval process adds up to 8 percent to the final cost of the finished housing unit. Lastly, minimum building codes and norms are exceedingly excessive and rigidly applied resulting in a final housing product that is likely unaffordable for a large segment of the VIS market and consequently obviating the possibility of alternative and progressive housing development models.

**The limited supply of urbanizable land in key cities has an impact on land and housing affordability and intensifies development pressure in neighboring municipalities.** Table 1 below illustrates this land scarcity in 5 major urban centers. Bogotá, for example, has sufficient land for approximately 205,000 housing solutions. However, the accumulated quantitative deficit in the capital is estimated at over 282,000 units. A large percentage of this available land in Bogotá is along the northern corridor – a primarily non-VIS market. Land supply in Medellín and Bucaramanga is similarly limited. Additionally, a large proportion of this available land is not geographically contiguous thereby complicating the prospects for large scale housing development. Land scarcity in principal urban centers puts expectant development pressure on outlying municipalities. It is important to note, however, that effective policy should not focus on land scarcity in isolation as a large volume of land in urban areas suffers from

<sup>4</sup> CAMACOL is the *Camara de Construcción de Colombia* – the Construction Chamber of Commerce for Colombia.

suboptimal use. A more well-rounded policy approach would concurrently focus on increasing access to affordable land while also encouraging reforms to improve rental markets, decrease vacancy rates and encourage densification.

**Table 1: Availability of Land in Five Major Urban Centers (2005)**

City	Urban Land under Residential Use (Ha)	Available Urban Land for Residential Use (Ha)	Potential Housing Units
Bogotá	20,409	2,058	205,800
Cali	N/A	1,600	160,000
Medellin	7,640	519	51,900
Bucaramanga	1,914	107	10,700
Barranquilla	2,318	947	94,700
<b>Total</b>	<b>32,281</b>	<b>5,231</b>	<b>552,400</b>

Source: DNP

**Land supply constraints have a significant impact on the structure and growth of the residential construction sector.** Residential developers – particularly for VIS segments – do not accumulate and develop large parcels of land given the uncertainty and length of land use and construction permitting as it would be commercially impossible to sustain such high levels of ‘sunk costs’ for any particular real estate project. Similarly, lenders for construction finance generally do not extend credit for land purchase as the gestation periods for such projects can be well beyond standard maturities for such products. These fundamentals are reflected in the structure of the residential construction sector. The largest residential developer in the country completes on average 12,000 units annually – a figure significantly below industry leaders in Mexico and Brazil. Most stand-alone residential development projects do not exceed 1,500 units and these are often done in commercially ‘ring-fenced’ phases of 200-300 units that overlap only marginally to limit commercial risk. Developers also depend on high volumes of presales in any given project. With limited land acquisition, extensive use of the presale model and the overall modest scale of operations developers, the construction finance market is predictably shallow. Nonetheless, while in overall terms still quite small, the construction finance market has grown since 2006 – indicating that developers are keen to increase leverage and assume greater commercial risk for projects in the sector.

**Demand subsidy programs operated through the Fondo Nacional de Vivienda (FNV) and the Cajas de Compensación Familiar (CCFs) have improved access to affordable housing solutions.** Recent reforms in the design<sup>5</sup> of these programs further improve the likelihood that they will be better targeted and more efficiently managed. CCF subsidies financed through a proportion of a 4 percent non-voluntary payroll deduction for formally employed member households earning less than 4 minimum salaries increased from 20,069 to 49,796 between 2000 and 2006. Similarly, FNV subsidies targeting primarily informal sector households and financed out of national budget more than doubled from 22,226 to 48,796 in the same period. Aspects of these programs, however, suggest a suboptimal use and targeting of subsidy resources. First, overall subsidy allocations are not sufficient to match the scale of desired increases in housing production for VIS segments. Second, only 2,000 FNV subsidies were allocated in 2007 in principal urban areas through the *Bolsa Unica* – where vast majority of demand is located. Third, of the 102,000 FNV subsidies for housing solutions in the 2006-2010 Plan, only 16,000 per year are available for general housing solutions in the largest cities while the remaining are designated to vulnerable groups and lagging regions. In order to meet aggressive national targets for housing solutions, the subsidy program for complete units may need to be refocused in principal cities which account for over 70 percent of the potential demand while structuring new progressive housing subsidy products for vulnerable groups and the poorest regions where many households simply cannot afford new housing solutions without additional municipal subsidies.

**The Macroproyectos program will positively impact the national development of Colombia in the coming years.** The proper implementation of this program will provide the housing sector with a stable supply of urbanized land in the following years. This will have a positive impact in the provision of VIS housing and in the housing sector in general. The operation is also in line with the anti-cyclical policies implemented by the Colombian government to address the current world economic crisis. Because of the many impacts that the construction sector have in the overall economy, housing governments in the entire globe are investing in social housing and infrastructure to boost economic activities. The proposed Macroproyectos program will provide the housing sector with urbanized land to complete social and priority housing.

<sup>5</sup> Specifically these reforms include: (i) the unification of subsidy amounts across Cajas and FNV; (ii) common scoring, application and allocation systems across FNV and Cajas; (iii) the administration of FNV subsidies through Cajas; (iv) income-linked formula for calculating subsidy eligibility; and (v) the multiyear allocation of subsidies under the 2006-2010 National Development plan which provides predictability to lenders and developers.

**This specific project follows a previous study co-financed by Cities Alliance in Colombia.** The study Suelo y Vivienda para Hogares de Estratos Bajos - Cities Alliance Grant: P094822- TF 023588 published by DNP, World Bank, MAVDT and Cities Alliance 2007, analyzed 4 urban areas of Colombia (Bogota, Medellin, Cartagena and Bucaramanga) and identified the main constrain in Colombian housing markets. The limited availability of land was categorized as one of the roots of urban informality. The present grant aims to follow up on the main conclusions of the previous study and implement a specific program to address these issues. This supply and demand strategy aims to structure legally and administratively the Macroproyectos Program in the main cities of Colombia.

### **13. Objectives**

The Colombian Government has launched a new program – Macroproyectos Urbanos – which aims to increase access for low-income Colombians to affordable land and housing in major metropolitan areas of the country. The central objective of the program is to develop a commercially sustainable public-private model for land and housing development that overcomes land and housing market rigidities through a combination of public and private investment and the reform of relevant regulatory instruments.

The objective of this project is to fund and carry out the technical assistance (TA) component of the Macroproyectos program, which helps to operationalize it in the most effective way. This TA component will complement a World Bank loan intended for investments in the primary urban infrastructure necessary to enable the implementation of Macroproyectos in different cities. These primary infrastructure investments will be in the following areas: (i) water and sanitation; (ii) road and transport networks; (iii) energy and gas; and (iv) flood protection and related risk mitigation infrastructure.

The technical assistance package for which Cities Alliance assistance is sought, aims to structure the implementation plan for the Macroproyectos program, considering all the relevant dimensions which are:

1. Real Estate Development Model for Macroproyectos Program
2. Land Management Framework for Macroproyectos Program
3. Analysis of Municipal Basic Services, Public Finances and Political Economy Issues
4. Metropolitan Infrastructure Planning Assessment
5. Program Social Outreach, Communication and Dispute Management Framework
6. Methodology Development and Pilot Land Market and Infrastructure Assessment

### **14. Methodology and sequencing of activities**

The implementation plan will be achieved after a brief but thorough diagnostic of present situation, identification and assessment of alternatives, formulation of preliminary recommendations, engagement of relevant stakeholders to validate preliminary recommendations, creation of a strategy, and finally, with these inputs, produce the Macroproyectos implementation plan.

## 15. Deliverables

Activity	Proposed Outcomes
1.1 Real Estate Development Model for Macroproyectos Program	<p>Four key outputs are expected including:</p> <ul style="list-style-type: none"> <li>(i) development of a land trust instrument for the Macroproyectos Program – based on a legal assessment of alternatives for pooling public and private land and capital assets;</li> <li>(ii) development of the underlying business/contract model that will specify ‘rules of the game’ issues relating to the rights and responsibilities of landholders under the trust including ROI, entry-exit, compensation, etc;</li> <li>(iii) development of detailed bidding documents and procedures for the ‘auctioning’ of developer rights based on an analysis of alternatives for the same (i.e. most VIS units, least subsidy, lowest price for fixed # of VIS, etc.); and</li> <li>(iv) preliminary feasibility for accessing capital markets through a range of possible instruments (REITs, leasing structures, guarantee instruments, etc.) with an assessment of the market appetite and tax incentives for the same.</li> </ul>
1.2 Land Management Framework for Macroproyectos Program	<p>The central output from this study is the development of technical guidelines/framework for land use planning instruments and procedures that will apply under the Program given that the Macroproyectos decree enables MAVDT to supersede POT system. The TA will also go into coordination with municipalities/POT framework.</p>
1.3 Analysis of Municipal Basic Services, Public Finances and Political Economy Issues	<p>Likely products from the TA are:</p> <ul style="list-style-type: none"> <li>(i) framework articulating how basic health, education and social protection services will be mobilized in Macroproyectos focusing on roles of specialized agencies, national government and municipalities;</li> <li>(ii) fiscal assessment of the impact on municipal finances of Macroproyectos (includes an assessment of the subsidy burden for basic services and potential public finance benefits from commercial, non-VIS development); and</li> <li>(iii) structuring of specific fiscal incentives for ‘receiving’ municipalities for Macroproyectos.</li> </ul> <p>More complicated TA for which we developing TORs. Work is really a mix of assessment and products as this is a more amorphous area of work.</p>
1.4 Metropolitan Infrastructure Planning Assessment	<p>This activity is in essence an assessment of the infrastructure planning and development challenges in each major metropolitan area in the context of Macroproyectos – given that there is a lack of a metropolitan planning framework for these services. This is an important input as it aims to identify where the landmines are with respect to coordination across municipalities and their utilities.</p>
1.5 Program Social Outreach, Communication and Dispute Management Framework	<p>Products of this work would include: (i) the development of social outreach program for Macroproyectos (e.g. along the ‘convivencia’ work in Bogota which build social capital and civic culture in poor neighborhoods through a range of social/cultural/civic activities); (ii) development of communications program for Macroproyectos; and (iii) development/design of dispute management instruments associated with Macroproyectos.</p>
1.6 Methodology Development and Pilot Land Market and Infrastructure Assessment (LMIA)	<p>The activity will include:</p> <ul style="list-style-type: none"> <li>(i) developing a methodology in the form of technical guidelines for the LMIA which are meant to be a tool for the Government to be proactive in identifying sites for land assembly along strategic growth corridors based on a mix of economic (land and housing market factors), infrastructure (cost of expansion/investment plans) and environmental and hazard risk considerations; and</li> <li>(ii) applying these in one pilot city.</li> </ul>

## 16. Expected outcomes and related monitoring indicators and plans

Some sample indicators for the different TA complements are as follows (currently in the process of finalizing the TORs for each of these components, which will further clarify the relevant indicators and outputs):

Outcome	Indicator	Relevant project plan and output	Expected medium-term outcomes
1	Percentage of VIS housing financed with subsidy	Creation of land trust instrument for the Macroproyectos program, along with its enabling mechanisms, business model, bidding documents, and financial instruments	- VIS housing financed by increasing percentage of market based instruments - Existence of incentives for developers to support these market based instruments.
2	- Average time to access land for VIS - Average number of VIS construction licences	Implementation of Macroproyectos Decree, which speeds up access for VIS land	- Decreased time lag to obtain land access for VIS - Increased average number of VIS construction licences
3	Shortage of subsidies and inadequacy of subsidy programs to address VIS demand	Design of appropriate subsidy program to increase feasibility of the Macroproyectos program.	Appropriate subsidy policy, in coordination with the Macroproyectos program.
4	No agreement with municipalities over shared responsibility of VIS infrastructure investment	- Diagnostic of infrastructure need stemming from all the Macroproyectos programs and projected subsidy burdens for municipalities. - Creation of incentives for municipalities to invest in Macroproyectos infrastructure and share responsibility with national government	Agreements with municipalities about shared responsibility regarding the development of Macroproyectos infrastructure, based on accurate sense of need
5	Low income housing deficit of 2.2 million homes	Creation of a methodology and technical guidelines for identifying land in close proximity to urban areas suitable for VIS settlements	Increase the supply of low income housing resulting from the availability of land for VIS construction

## 17. Sources of investment to implement the CDS or slum upgrading programme

The main sources of investment projected for the CDS are as follows:

Cities Alliance: \$225,000

Government Funding: \$200,000

For more detail, see the financing plan (point 22)



## **18. Partnerships**

The Grant will include efforts to build multi-stakeholder consensus around the design and development of Phase II of the Macroproyectos Program. Key activities in this regard will include: (i) dialogue and technical review processes with local universities with experience in the land and housing sectors; (ii) outreach to municipal associations and relevant community stakeholder and non-governmental organization in the housing sector as part of the design and development of the Program's Phase II; (iii) participation of universities and technical institutes in the implementation of specific studies planned under the Grant; and (iv) close coordination and dissemination to municipal associations in the development of technical designs for Phase II of the Program.

The beneficiaries of the Grant, the Ministry of Environment, Housing, and Territorial Development and its partner DNP will make additional contributions in kind, including but not limited to the following elements:

- Staff involvement in production of project deliverables
- Staff support for coordination and information provision
- Office space for certain meetings
- Access to key stakeholders and exerting political influence to reach project goals

## **19. Government commitment and approval**

The Government has outlined a comprehensive policy platform to address the key areas of reform regarding the provision of VIS. The National Development Plan 2006-2010 highlights three key areas for investment and reform: (i) slum upgrading and basic service provision for informal settlements; (ii) 'Macroproyectos Urbanos' for low income land and housing development; and (iii) urban revitalization and densification. This Plan reinforces the August 2005 'Livable Cities' strategy outlined by President Uribe's Administration Vision Colombia II Centenario: 2019, which established 13 key sector goals to create access to affordable urban land and housing, improve water and sanitation service delivery, and address affordability and availability of urban transport.

The Government adopted a Macroproyectos de Interés Social Nacional (MISN) program under Law 1151 of 2007 and subsequently created the regulatory framework for the program by passing Decree 4260 in November 2007. This Decree outlines a broad framework for Government support to large-scale low-income land and housing development. The Program enables the national Government – through MAVDT – to address long standing and intractable housing deficits in cities and metropolitan regions using a combination of regulatory and investment instruments. 27 low-income land and housing development projects throughout the country were approved under this framework.

The first phase of the Program was implemented under the framework of Decree 4260. In March 2010 the Colombian Constitutional Court issued a ruling that found that the legal framework for the Program unduly infringed upon municipal autonomy for land use planning. The Court ruling strongly supported the Program's objective of creating access to affordable housing for the poor – a constitutional right in Colombia – but found that Article 79 of Law 1151 disregards principles of the Colombian Constitution which indicate that land use should be regulated by the different territorial levels. The ruling was not retroactive and thereby effectively 'grandfathered' all announced, approved and ongoing subprojects under Decree 4260. The court decision recommends that the Program be 're-designed' to further incorporate municipal authorities in the design, approval and implementation of the Macroproyectos Program. This grant will support the development of the Program in a second phase along the lines of the Court decision.

The Government of Colombia has requested World Bank technical and financial assistance to develop effective and innovative supply-side land and housing programs, as well as a sustainable low-income land and housing development strategy framework consistent with the March 2010 Constitutional Court ruling. Specifically, the aim is to: (i) develop a sustainable model for the supply of land for low-income housing; (ii) support the developing of a policy and institutional framework for low-income land and housing development; (iii) create incentives for the involvement of private developers and the financial markets; (iv) increase the supply of serviced land and final housing products for low-income groups; (v) facilitate the widening and deepening housing financial systems through a variety of financial products that might include partial risk guarantees and/or a line of credit or risk sharing for developers with local banks.

The associated Project was Appraised in November 2009 and received authorization from the Government of Colombia to Negotiate in February 2010. After a delay of six months pending the resolution of the abovementioned Constitutional Court case and the change of Government in August 2010, Negotiations have been scheduled for November 2010, and Board presentation is scheduled for December 2010.

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## IMPLEMENTATION AND FINANCING PLANS:

### 20. Implementation arrangements

Grant resources will be managed by the World Bank. The technical roles to produce the TORs, evaluate proposals, and decide on award, will be conducted by the World Bank in close coordination with the Ministry of Environment, housing and Territorial Development. DNP and the World Bank will provide technical advisory support in review of ToRs, proposals and interim products.

### 21. Project schedule and delivery targets

	Activity	Delivery
1	Grant Implementation Plan	Month 1
2	ToRs and Bidding Processes	Month 1-4
3	Real Estate Development Model for Macroproyectos Program	Month 9
4	Land Management Framework for Macroproyectos Program	Month 9
5	Analysis of Municipal Basic Services, Public Finances and Political Economy Issues	Month 12
6	Metropolitan Infrastructure Planning Assessment	Month 15
7	Program Social Outreach, Communication and Dispute Management Framework	Ongoing
11	Product Dissemination and Publication	Months 12-18
12	Government Coordination and Management Costs	Ongoing
13	Bank Management and Supervision Costs	Ongoing
14	Final Integrated Product Delivery	Month 18

### 22. Financing plan

Activity	Total	Cities Alliance	Government Funding
1.1 Real Estate Development Model for Macroproyectos Program	US\$200,000	100,000	100,000
1.2 Land Management Framework for Macroproyectos Program	US\$50,000	25,000	25,000
1.3 Analysis of Municipal Basic Services, Public Finances and Political Economy Issues	US\$25,000	25,000	
1.4 Metropolitan Infrastructure Planning Assessment	US\$25,000		25,000
1.5 Program Social Outreach, Communication and Dispute Management Framework	US\$20,000	20,000	
1.6 Government Coordination, Dissemination, Publication and Management Costs	US\$10,000		10,000
1.7 Methodology Development and Pilot Land Market and Infrastructure Assessment (LMIA)	US\$60,000	20,000	40,000
1.8 Bank Management and Supervision Costs	US\$25,000	25,000	
1.9 External Financial Audit	US\$10,000	10,000	
Total	US\$425,000	US\$225,000	US\$200,000

## A. CITIES ALLIANCE GRANT REQUEST

Components / Main Activities	Total (US\$)	Type of Expenditure			
		Consulting Services (US\$)	Training/ Capacity Building (US\$)	Dissemination Costs (US\$)	Other (US\$)
<b>PROJECT ACTIVITIES:</b>					
1.1 Real Estate Development Model for Macroproyectos Program	100,000	LF <sup>6</sup> 50,000			
		LI			
		IF 50,000			
		II			
1.2 Land Management Framework for Macroproyectos Program	25,000	LF 25,000			
		LI			
		IF			
		II			
1.3 Analysis of Municipal Basic Services, Public Finances and Political Economy Issues	25,000	LF			
		LI 25,000			
		IF			
		II			
1.4 Metropolitan Infrastructure Planning Assessment	N/A	LF			
		LI			
		IF			
		II			
1.5 Program Social Outreach, Communication and Dispute Management Framework	20,000	LF 20,000			
		LI			
		IF			
		II			
1.6 Government Coordination, Dissemination, Publication and Management Costs	N/A	LF			
		LI			
		IF			
		II			
1.7 Methodology Development and Pilot Land Market and Infrastructure Assessment (LMIA)	20,000	LF			
		LI			
		IF			
		II 20,000			
<i>Sub-Total – Project Activities</i>	<i>190,000</i>	<i>190,000</i>			
<b>PROJECT ADMINISTRATION &amp; SUPERVISION:</b>					
1.8 Independent Audit (1):	10,000				
1.9 Supervision Costs (2): a) fees/labour/wages b) travel costs c) office running cost	25,000				25,000
<i>Sub-Total – Project Administration &amp; Supervision</i>	<i>25,000</i>				
<b>TOTAL A (Cities Alliance Grant Request)</b>	<b>225,000</b>				

<sup>6</sup> LF = Local Firm  
LI = Local Individual  
IF = International Firm  
II = International Individual

**B. CO-FINANCING**

Government Funding	200,000				
<b>TOTAL B (Co-Financing)</b>	<b>200,000</b>				

**C. TOTAL**

<b>TOTAL PROJECT BUDGET COST (A + B)</b>	<b>425,000</b>				
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See Guidelines for more information.

(1) An external audit is required upon completion or termination of project activities. Categorise this type of expenditure as "other."

(2) Incremental costs associated with the management of the project, up to a maximum of 15 percent of the Cities Alliance grant request. Categorise this type of expenditure as "other."

**23. Expected currency of expenditures**

Into what currency (or currencies) do you expect the grant funding (provided in U.S. dollars) to be converted?

The currency will be converted into the Colombian Peso (COP) for the hiring of local individual consultants and local firms.

What exchange rate assumptions have you used? Approximately \$2000 COP to the USD.

**24. Co-financing arrangements**

Co-financing Source	Description of Co-Financing
1. Ministry of Environment, Housing, and Territorial Development	In kind: <ul style="list-style-type: none"> <li>- Staff involvement in production of project deliverables</li> <li>- Staff support for coordination and information provision</li> <li>- Office space for certain meetings</li> <li>- Access to key stakeholders and exerting political influence to reach project goals</li> </ul>

Is all co-financing confirmed/committed? YES

**25. Costing assumptions**

The objective of the grant is in part to leverage high quality international technical assistance while also working with and building local technical capacity. It is estimated that approximately 85% of recipient executed grant resources will be used to finance national consultants. The 15% of resources directed towards leveraging international expertise will be concentrated towards financing a portion of activity 1.1 Real Estate Development Model for the Macroproyectos Program.