

August 9, 2011

Communication to CTF Trust Fund Committee regarding IDB's response to Members' comments and questions regarding CTF funding for the IDB project, *Colombia – Strategic Public transportation System (SETP) Program*.

Dear CTF Trust Fund Committee Members:

We are writing to notify you that we received the following responses from IDB to Members' comments and questions regarding CTF funding for the IDB project, *Colombia – Strategic Public transportation System (SETP) Program*.

1. A new annex entitled, “Annex 4: Fit with CTF Investment Criteria” has been prepared for the project document providing supplemental information on how the project meets the CTF Investment Criteria (Document: CTF Investment Criteria for Public Sector Operations). This annex directly responds to Germany and the United Kingdom's comments.
2. Regarding Australia's first question about the rationale for the use of concessional finance, this is addressed in Annex 4 in the sections entitled, *Transformational Potential* and *Additional Cost and Risk Premium*.
3. In response to Australia's second question concerning the capacity of provincial governments to ensure appropriate social safeguards provision, the following answer has been provided:

Response to Australia's second question:

While the responsibility for the implementation falls on the executing agencies on the municipal level, the entire implementation of the program will have strong support from the Coordinating Unit (CU) of the Ministry of Transport, which will be in charge of technical assistance, supervision and monitoring of the executing agencies throughout the process of fulfilling the environmental and social policies and safeguards that have been established for the program.

The capacity of the CU has been successfully tested in practice, with the implementation of mass transit projects in the large cities over the last decades, and with this experience in mind, the project team expects no difficulties in executing a project of the dimensions of the SETP. The CU has developed the following documents that record all the experience acquired and the lessons learned in the management of social and environmental impacts of sustainable urban transport projects, in compliance with the Bank's social and environmental policies and safeguards.

On environmental management:

- A detailed Environmental Management Plan (EMP)

On the management of social issues:

- Policy framework on resettlement
- Execution guidelines for Land Acquisition and Resettlement Plan
- Guidelines for calculating financial awards in the process of expropriation and resettlement
- Guidelines for preparing the plan for occupancy of public space

The documents are available in Spanish and can be sent if requested.

In terms of the capacity of the executing agencies on the municipal level, they all have specialists focusing on environmental and social issues. For instance, the executing agency of Pasto has 49 professionals, nine of whom are from the social sector, and the executing agency of Santa Marta has ten professional staff members for the social management of the program. All the professionals of the executing agencies have received training and capacity building given by the CU.

In accordance with our email sent August 4, we are extending the period for approval of CTF funding for the project entitled, *Colombia – Strategic Public transportation System (SETP) Program*, until close of business on August 17, 2011.

Please do not hesitate to contact us if you have any questions.

Sincerely,

Patricia Bliss-Guest
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Administrative Unit, Climate Investment Funds