Acknowledgements

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Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2F</td>
<td>Access to Finance</td>
</tr>
<tr>
<td>ANA</td>
<td>Agência Nacional de Águas</td>
</tr>
<tr>
<td>BEKL</td>
<td>Bank-Executed Knowledge and Learning (refers to a grant)</td>
</tr>
<tr>
<td>BETA</td>
<td>Bank-Executed Technical Assistance (refers to a grant)</td>
</tr>
<tr>
<td>BRT</td>
<td>Bus Rapid Transit</td>
</tr>
<tr>
<td>CAPRA</td>
<td>Central American Probabilistic Risk Assessment</td>
</tr>
<tr>
<td>CARCIP</td>
<td>Caribbean Communications Infrastructure Program</td>
</tr>
<tr>
<td>CEDDET</td>
<td>La Fundación Centro de Educación a Distancia para el Desarrollo Económico y Tecnológico</td>
</tr>
<tr>
<td>CEDEX</td>
<td>Centro de Estudios y Experimentación de Obras Públicas</td>
</tr>
<tr>
<td>CEPREDENAC</td>
<td>Centro de Coordinación para la Prevención de los Desastres Naturales en América Central</td>
</tr>
<tr>
<td>COP</td>
<td>Conference of the Parties</td>
</tr>
<tr>
<td>DPL</td>
<td>Development Policy Loan</td>
</tr>
<tr>
<td>DRM</td>
<td>Disaster Risk Management</td>
</tr>
<tr>
<td>ESADE</td>
<td>Escuela Superior de Administración y Dirección de Empresas</td>
</tr>
<tr>
<td>ESW</td>
<td>Economic and Sector Work</td>
</tr>
<tr>
<td>FUNCEME</td>
<td>Fundação Cearense de Meteorologia e Recursos Hídricos</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year of the World Bank Group (July 1st – June 30th)</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>GP</td>
<td>Global Practice</td>
</tr>
<tr>
<td>GRM</td>
<td>Grant Reporting and Monitoring</td>
</tr>
<tr>
<td>ETC</td>
<td>Extended term Consultant</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IADB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>IDF</td>
<td>Institutional Development Fund</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>INCAE</td>
<td>Instituto Centroamericano de Administración de Empresas</td>
</tr>
<tr>
<td>INDOTEL</td>
<td>Instituto Dominicano de las Telecomunicaciones</td>
</tr>
<tr>
<td>KP</td>
<td>Knowledge Platform</td>
</tr>
<tr>
<td>LAC</td>
<td>Latin America and Caribbean (refers to the geographic region)</td>
</tr>
<tr>
<td>LCR</td>
<td>Latin America and Caribbean Region (refers to the World Bank Regional Vice Presidency)</td>
</tr>
<tr>
<td>LCSOS</td>
<td>Latin America and Caribbean Operational Services Unit</td>
</tr>
<tr>
<td>LCRVP</td>
<td>Latin America and Caribbean Regional Vice Presidency</td>
</tr>
<tr>
<td>LMR</td>
<td>Lima Metropolitan Region</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro-Finance Institutions</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small, and Medium Enterprises</td>
</tr>
</tbody>
</table>
M&E  Monitoring and Evaluation
MTC  Ministerio de Transportes y Comunicaciones
OECD  Organization for Economic Co-operation and Development
PforR  Program-for-Results
PPIAF  Public-Private Infrastructure Advisory Facility
PPP  Public-Private Partnership
REPP  Recipient-Executed Project Preparation (refers to a grant)
RETA  Recipient-Executed Technical Assistance (refers to a grant)
SICA  Sistema de la Integración Centroamericana
SOE  State Owned Enterprise
SFLAC  Spanish Fund for Latin America and the Caribbean
SME  Small and Medium Enterprises
TA  Technical Assistance
TAP  Technical Assistance Project
TF  Trust Fund
TOD  Transit Oriented Development
TT  Task Team
TTL  Task Team Leader
WSS  Water Supply and Sanitation
WSP  Water and Sanitation Program
Executive Summary

1. The Spanish Fund for Latin America and the Caribbean (SFLAC) is the only region-specific trust fund program and a critical instrument of the World Bank Group’s (the Bank) work in the Latin America and Caribbean Region (LCR). Established in 2009, the program has funded activities across priority sectors or themes identified in consultation with the Spanish Ministry of Economy and Competitiveness (the Donor). These included: (i) Infrastructure, (ii) Governance and Accountability, (iii) Private Sector Development, and (iv) Environmental Sustainability. This thematic focus was fully consistent with and complemented the Bank’s regional strategic development priorities, including: (i) Governance and Institutions, (ii) Growth and Productivity, (iii) Green/Global Involvement, and (iv) Guarding against Vulnerability to Natural Disasters.

2. Among these themes, Infrastructure received the highest amount of grant funding (39% of total approvals), followed by Governance (29%), Private Sector (18%), and the Environment (14%). The SFLAC grants also enhanced the impact of the Bank’s analytical and operational work through knowledge generation activities and technical assistance. This included work by the International Finance Corporation (IFC) related to private sector development, specifically in business advisory services, public-private partnerships, competitiveness, and access to finance for small and micro enterprises.

3. Since its inception on June 15, 2009, SFLAC supported the preparation and implementation of a number of IBRD/IDA financed projects. Of the estimated $6 billion of Bank lending projects, about half received direct implementation or preparation support from SFLAC. SFLAC funding was also essential for analytical and operational work at the regional and sub-regional levels with a total of $16.42 million, or 49% of the total approval allocated to these initiatives. This positions SFLAC as a unique instrument in the region, as funding for cross-country, regional or multi-sector activities may otherwise have remained limited, given the country-centered profile of the Bank’s lending operations and the new Global Practice (GP) focused structure.

4. SFLAC’s mature portfolio reflects the advanced stage of the program’s lifecycle. The program’s total funding of $40 million is almost fully committed ($33.32 million approved across 152 grants from inception to December 2014); and $29.6 million of the total funding has been disbursed. The active portfolio, as of December 2014, amounted to $13.7 million across 34 grants. These grants show strong results and impact as they enable a flexible and efficient response to developmental needs. Specifically, the program’s implementation modalities allowed for both recipient execution and Bank execution of grant activities, thereby improving the client’s capacity and enabling fast and simplified implementation.

5. SFLAC has been an important instrument for sharing Spanish technical expertise in Latin America. In line with the program’s focus on forging partnerships and professional exchanges among the Spanish and the local experts in Latin America, SFLAC grants have relied on a number of Spanish firms and consultants in implementing the grant activities. In addition, the number of individual consultants hired in 2014 represented an increased used of Spanish expertise. Since the program’s inception and up to December 31, 2014, contracts with Spanish firms and consultants hired under SFLAC grants totaled around $1.5 million. Of this total, consulting firms received contracts totaling $850,000, around half of which were issued in 2014 ($426,000). Similarly, the total value of contracts issued to
individual contractors was around $650,000, of which 36% was issued in 2014 ($234,000). Finally, of the 55 total number of individual consultants hired, 13 received contracts in 2014. Furthermore, many lending projects associated with SFLAC grants have benefited from the Spanish expertise, and the value of contracts with the Spanish companies under such projects have amounted to $63 million as of December 2014.

6. During 2014, the SFLAC Secretariat and the Operational Services Unit of the Latin America and Caribbean Regional Vice-Presidency (LCROS) were restructured and re-sized, in line with the overall Bank reform process. This led to changes in LCROS Manager and the SFLAC Secretariat composition. The new LCROS Management, in consultations with the Donor Authorities, recognized the need to amend the SFLAC Administrative Agreement (AA), signed in June 2009 and extended in August 2012. The Amendment has been drafted and shared with the Donor Authorities for feedback, to be finalized in mid-2015. The remaining funds will be committed over the next two years with heightened selectivity and focus on priority themes. This will mean fewer approvals, but of higher quality and relevance to the Donor’s funding priorities and the Bank’s country programs. This trend will likely continue for the remainder of the SFLAC operation, as the Secretariat ensures the achievement of results and development objectives while capturing lessons learned.

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1 The figure does not include Bank’s Spanish ETCs and STCs working on staff-like assignments, but only project-specific consultants.
I. Portfolio Summary

I. Overview

Portfolio

1. SFLAC total funding of $40 million is almost fully committed. From the program’s establishment in 2009 to December 2014, a total of $33.32 million (83%) across 152 grants was approved, and disbursements reached $29.6 million (74%). The remainder of the funds ($5.51 million available for the programmatic allocations as of December 2014; see Table 1) will be allocated to new activities over the next two years, which will be finalized before the fund closure in 2018. As the program enters its final years of operation, its focus will be shifted to monitoring results and capturing lessons learned.

<table>
<thead>
<tr>
<th>Table 1 SFLAC Program Statue Summary</th>
<th>as of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Amount (US$ million)</td>
</tr>
<tr>
<td>Contribution (1)</td>
<td>40.00</td>
</tr>
<tr>
<td>Administration (2)</td>
<td>2.00</td>
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<tr>
<td>Approvals Over Lifetime (3)</td>
<td>33.32</td>
</tr>
<tr>
<td>Investment &amp; Other Income (4)</td>
<td>0.83</td>
</tr>
<tr>
<td>Available Balance (1)-(2)-(3)+(4)</td>
<td>5.51</td>
</tr>
</tbody>
</table>

Grant Approvals and Disbursements over SFLAC Lifecycle

2. The total portfolio approved from SFLAC’s inception to December 2014 included 152 grants worth $33.32 million, with 34 active grants totaling $13.7 million and 118 closed grants totaling $19.6 million. One new grant for Technical Assistance for Structuring and Integration of Metro Projects in LAC in the amount of $0.5 million, was approved in 2014. Thirty-four SFLAC grants totaling $7.31 million closed in 2014. IFC’s allocation of $4 million is fully committed, of which 87% was disbursed as of December 2014.

3. SFLAC grant approvals peaked in FY2010-2011 ($26.7 million out of total approvals of $33.32 million), corresponding to the program’s start-up phase. The disbursements accelerated in FY2011-FY2013 ($22.3 million out of total $29.6 million disbursed), as the program matured and project implementation came fully into force. Over the next two years, a lower number of approved grants is expected given the limited remaining funds, while the disbursements will also show a steady decline, as more grants are scheduled to close (21 grants totaling over $6 million are scheduled to close in 2015).

SFLAC Funding Distribution across Windows

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2 The amount is subject to fluctuations due to variance of investment income over time, and refunds under closed grants.
4. SFLAC funded activities in six funding windows: (i) Recipient-executed project preparation, (ii) Recipient-executed technical assistance (TA), (iii) Bank-executed knowledge and learning, (iv) Bank-executed TA, (v) the International Finance Corporation (IFC), and (vi) Supervision. Most funds were used for technical assistance (TA) activities ($11.8 million Bank-executed and $3.5 million recipient-executed) and knowledge and learning activities ($10.97 million Bank-executed). Disbursements were higher for the Bank-executed activities because of the relative simplicity of the procurement and disbursement processes. Disbursements for the recipient-executed project preparation activities were also comparatively high, due to the time pressure to complete the project preparation and utilize the grant proceeds before the approval of a related project. However, disbursements for the recipient-executed TA activities were comparatively slow, which is not surprising, given the “learning by doing” approach of such activities. Additionally, some of the recipient-executed activities required congressional approval, which further delayed project activation and disbursement. Table 2 shows the distribution of the SFLAC approvals over lifetime across the financing windows.

<table>
<thead>
<tr>
<th>Window/Category</th>
<th>No. of Grants</th>
<th>Approved (US$ million)</th>
<th>Disbursed (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient-Executed Project Preparation</td>
<td>7</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>Recipient-Executed TA</td>
<td>11</td>
<td>3.50</td>
<td>2.53</td>
</tr>
<tr>
<td>Bank-Executed Knowledge and Learning</td>
<td>61</td>
<td>10.97</td>
<td>9.87</td>
</tr>
<tr>
<td>Bank-Executed TA</td>
<td>53</td>
<td>11.80</td>
<td>10.7</td>
</tr>
<tr>
<td>IFC</td>
<td>4</td>
<td>4</td>
<td>3.49</td>
</tr>
<tr>
<td>Supervision</td>
<td>16</td>
<td>0.30</td>
<td>0.25</td>
</tr>
<tr>
<td>Grand Total</td>
<td>152</td>
<td>33.32</td>
<td>29.59</td>
</tr>
</tbody>
</table>

**SFLAC Portfolio Sectoral and Thematic Distribution**

5. SFLAC funds were primarily used for activities in the four identified themes as illustrated in the following chart.
6. **Infrastructure (39%)** included activities in transport, urban development, water and sanitation, information and communications technology (ICT), energy, and mining. The examples below illustrate the effectiveness of SFLAC interventions in this area.

**Fostering Short Sea Shipping in Brazil, $300,000**

7. This SFLAC grant supports the federal government’s policies to increase energy-efficient transportation of goods and improve governance for logistics, while fostering a better-balanced transport matrix, as a crucial enabling condition for green growth. The grant supports the development of proposed policy changes in infrastructure investment to expand the share of domestic short sea shipping. Analytical work has been moving forward and about half of the work has been completed. Progress to-date includes: (i) a completed diagnostics report on short sea shipping and (ii) a nearly completed report benchmarking international best practices on short sea shipping report. Two additional reports are currently being prepared, analyzing the logistics chains which may switch from road-based transport to short sea shipping, and including related policy recommendations. The initial findings of this study were presented at an international conference on port logistics, organized by the Brazilian Port Secretariat in November 2014. The grant is also expected to support a study tour to learn from short-sea shipping experiences in the Mediterranean and to identify possible lessons learned and best practices that could apply in Brazil.

**Infrastructure for Green Growth Regional Flagship, $250,000**

8. This grant helps governments assess the costs and benefits of developing long-term sustainable infrastructure by enabling exchange of best practices and by creating a foundation for strategy and
dialogue related to green growth and sustainable investments. One of the notable achievements under this grant is Peru’s new climate change legislation, which demonstrates the government’s commitment to the climate change agenda. The work leading to this framework involved a comparative analysis of framework legislation in Mexico and Brazil, and comparative analysis of several draft proposals. The final draft of the proposed legislation was filed with the Peruvian Congress in November 2014 and presented at the Climate Change Conference of Parties (COP-20). Other activities included: production of the report “Is Growth in Latin America and the Caribbean Region Sustainable? Evidence from the Wealth Accounting Perspective”; the publication “Air Quality Management and Climate Change in Latin America”; data stocktaking and database development for green growth indicators for Latin America and the Caribbean; and modeling of the Rimac-Chilon-Lurin river basin in Lima, Peru.

**Governance and Accountability**

9. **Governance and Accountability (29%)** included activities related to public sector governance, poverty reduction, security, social development and protection. The following examples illustrate activities in this area.

**Mexico: Developing an Internal Control IT System for the Ministry of Public Administration, $122,000**

10. With financing from the SFLAC, the Public Affairs Unit (UCGP) of the Ministry of Public Administration (SPF) developed the Comprehensive Internal Control System (SICI) to (i) identify, monitor and follow up of the operational risks identified by the various federal government public entities, (ii) record the strategies adopted by the to manage risks, (iii) record the internal control measures implemented to mitigate relevant risks, and (vi) provide strategic information for efficient and reliable decision making. This was in response to a review by the SPF of the federal government’s internal control framework, which identified the information technology (IT) system as a high priority item for improvement. After successfully testing the system and providing the necessary training, the system is now fully operational across the government.

**Latin America: Role and Organization of the State in the Ownership and Supervision of State-Owned Enterprises, $100,000**

11. SFLAC supported efforts to improve knowledge of the institutional arrangements, fiscal sustainability, asset management, and service delivery performance of State Owned Enterprises (SOEs). While SOEs may represent an important source of public revenues, there is a limited knowledge as to how the state organizes its ownership and control. The analytical work identified tendencies in corporate governance of SOEs based on the primary data collected in 2010-2013, with regard to the legal framework, ownership function, performance monitoring, board procedures, and fiscal risk. The case studies included Brazil, Chile, Colombia, Paraguay, Peru, Uruguay and Spain, and the results were shared in a workshop with representatives from each involved country. The findings were also presented at the Annual Meeting of the Latin American Network on Corporate Governance of the SOEs in March 2014, where more than 100 international practitioners participated.
Private Sector Development

12. Private Sector Development (18%) included activities in private sector competitiveness and innovation, financial management, and control and reporting. The IFC also carried out activities under its advisory services business lines, including access to finance, sustainable business advisory, and infrastructure private-public partnerships (PPPs) (Annex 4). The example below illustrates an initiative to foster public-private cooperation in one of the most pressing development issues in the region.

Forging Public-Private Partnership for Citizen Security in Honduras and Guatemala, $500,000

13. This grant is supporting an important initiative to raise public awareness of the impact of crime and violence on citizen security and economic development and to forge public-private partnerships around concrete actions to improve security. Two business victimization surveys will gather nationally representative data on crime against businesses in Honduras and Guatemala, so as to inform the business community about the magnitude and characteristics of the problem, and help identify future prevention activities. Data tools are based on a previously validated survey conducted in Mexico to ensure data compatibility. Surveys include an additional enterprise resilience tool helpful for further assessing victimization risks. Dialogue with business groups in both countries has started and resulted in a strong endorsement of the proposal and commitment to partnership, which will be critical when the policy roundtables start after completion of the surveys. The sample of data for Honduran enterprises has been collected; but the sample collection for Guatemala has experienced some delays. To mitigate these delays, the World Bank’s Enterprise survey group was engaged to aid the task team with sampling.

Environmental Sustainability

14. Environmental Sustainability (14%) included activities in climate change and risk mitigation. The following two examples illustrate operations in this area.

Strengthening Climate Change Adaptation in Latin American and Caribbean Cities, $290,000

15. SFLAC supported the publication of a regional guidebook on urban adaptation to climate change, and preparation of specific thematic and sector-based adaptation plans for selected cities in the region. The guidebook can aid local government authorities to engage efficiently and effectively in a dialogue with decision-makers at the provincial and national levels of government on issues of policy reform and financial support for municipal climate change adaptation activities. Preparation of the guidebook included diagnostic risk assessments in Cusco, Peru and Santos, Brazil. The assessments covered: (i) a climate-related risks assessment focused on floods and landslides, (ii) an urban, social and economic adaptive capacity assessment, and (iii) an institutional adaptive capacity assessment. The guidebook considers the particular constraints and opportunities of Small and Medium Sized Cities and serves as a how-to guide to: (i) conduct or oversee climate hazard and risk assessments, (ii) design city plans and strategies informed by climate hazard and risk assessments, (iii) evaluate options for climate adaptation and prioritizing these options beyond monetary costs, and (iv) how to include issues of equity, risk, uncertainty, and time horizon in evaluative criteria. Based on the findings from these assessments, a strategic investment plan for climate adaption was developed for each pilot city through in-country workshops. The guidebook has been translated into Spanish, and is currently being disseminated.
Protecting Vulnerable Ecosystems in Ecuador: Technical Assistance on Climate Adaptation, Mitigation and Conservation of Critical and Vulnerable Ecosystems, $100,000

16. This grant supported the Ministry of Environment in its efforts to improve and strengthen their capacity for integrated natural resources management of critical ecosystems and hotspots, taking into account human-induced global warming and environmental changes. The grant financed two key reports for the Municipality of Quito to identify the existing knowledge gaps necessary for better management of its natural resources. In addition, baseline data related to air pollution, emission factors and other related information was collected for the Municipality of Cuenca to estimate the cost of environmental degradation to Cuenca’s economy. The preliminary findings were shared with leading experts and municipal government institutions in June 2014 and spurred important knowledge exchange and dialogue.

SFLAC Country and Regional Distribution

17. Regional, sub-regional, and multi-country grants represent the largest share of total SFLAC approvals, totaling $16.42 million (or 49% of total). The work funded under these grants addressed shared regional issues and developed appropriate solutions. This regional, cross-country, and multi-sector funding capability denotes SFLAC’s unique value, compared to the country-centered environment of traditional Bank operations. Moreover, in some parts of the region, critical development issues and challenges have an intrinsically cross-border nature—such as security and violence, or natural disaster exposure in Central America—and, as such, require integrated systemic solutions. As agreed with the donor, the program places a particular geographic importance in Central America and Mexico, which is reflected in the high number of approvals (21% of the total commitment). Chart 2 below displays the distribution of SFLAC funding across the region. Table 3 below shows the number of grants and the amounts by country. The examples below illustrate SFLAC grants tackling shared issues.
Knowledge Platform: Environmentally Sustainable Infrastructure Construction, $475,000

18. This grant established a common platform to host technical knowledge exchanges and to improve capacity of stakeholders working on infrastructure. The Bank team collaborated with experts from Spain and local representatives to develop an internet-based knowledge platform to promote environmentally sustainable infrastructure construction. The platform’s primary focus is on the environmental management in transport (roads, rail, ports, and airports), energy (generation, transmission, and distribution), and water and sanitation (water supply and distribution, waste water collection and treatment). The technical exchange and other activities that took place during the development phase have already helped promote environmentally sustainable infrastructure development, and identified relevant good practices and potential opportunities for improvement. A dissemination strategy will encourage users to participate and explore opportunities to address technical topics. The platform will include ongoing updates of the information database and develop a strategy for sustainability.
Central America Disaster Risk Reduction and Climate Change Adaptation Initiative Project, $600,000

19. The grant strengthened the capacity of the Coordination Center for the Prevention of Natural Disasters in Central America (Centro de Coordinación para la Prevención de los Desastres Naturales en América Central, CEPREDENAC) and participating countries to identify, design, and implement disaster risk reduction and climate change adaptation measures. During 2014, the grant supported the implementation of the Comprehensive Central American Disaster Risk Management Policy, by enhancing achievements obtained under technical assistance projects (TAPs) in risk assessment and strengthening current disaster risk information systems and communication networks. The grant supported the use of the Central American Probabilistic Risk Assessment (CAPRA) platform, which provides a Geographic Information System (GIS) -based platform of data on natural hazard risk, and disaster risk analysis and communication. The CAPRA enables decision-makers to manage risk at the local, national, and regional levels. CEPREDENAC launched a website to house the CAPRA community of practice, and publish online relevant training materials, technical reports, and videos. So far, seven TAPs in seismic risk assessment have been prepared and launched, and multi-sectoral teams in each country are currently undertaking assessments of the relevant hazards, site-specific physical characteristics, assets at risk, and the vulnerability of the housing, education and health infrastructures. In addition, the project identified and formulated 18 risk reduction and climate change adaptation projects. In October 2014, CEPREDENAC organized the Central America Workshop on Disaster Risk Financing and Insurance, which convened 90 participants with the aim of exchanging experiences among countries on the topics related to financial protection mechanisms. By October 2014, more than 160 participants were trained in probabilistic risk modeling.

Private Sector-Led Forum to Address Citizen Security and Regional Integration in Central America, $200,000

20. This SFLAC initiative helped create a private sector-led forum to explore ways to address the related issues of crime and violence and border crossing in Central America. The INCAE Business School conducted a study to identify the main difficulties for cross border users of Peñas Blancas and Paso Canoas. The study analyzed best practices and developed a roadmap for solutions. Meetings organized in September 2014 further addressed the issues of citizen security and its impact on economic activity. As a result of this initiative, the regional business leaders are equipped with an action plan to tackle these key development issues in Central America.

<table>
<thead>
<tr>
<th>Table 3 Amount and Number of Grants by Country</th>
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<tbody>
<tr>
<td>Country</td>
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<tr>
<td>Country</td>
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<tr>
<td>Country</td>
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<tr>
<td>Region</td>
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<td>-------------------------------</td>
</tr>
<tr>
<td>Latin America Regional</td>
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<tr>
<td>Central American Countries</td>
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<tr>
<td>Andean Countries</td>
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<tr>
<td>Argentina</td>
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<tr>
<td>Brazil</td>
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<tr>
<td>Caribbean</td>
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<td>Colombia</td>
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<td>Costa Rica</td>
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<td>Dominican Republic</td>
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<td>Peru</td>
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<tr>
<td>Uruguay</td>
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<tr>
<td><strong>Grand Total</strong></td>
</tr>
</tbody>
</table>
Single-Country Grants

21. The largest single-country beneficiaries of SFLAC funds are Colombia (10% of total approvals), Brazil (7%), and Peru (5%). Noteworthy grants in these countries include: (i) Institutional Strengthening and Capacity Building to Support the Rio Bogotá Environmental Improvement Program in Colombia ($200,000), which provides institutional strengthening and local capacity building to assist the Colombian government agencies in the formulation and implementation of the Rio Bogota Environmental Improvement Program ($250 million), (ii) Water in Northeast Brazil: Enhancing the Productive Use of Water ($750,000), which supports preparation of a regional strategy for enhancing the productive use of water in Northeast Brazil and has contributed to the identification of the Bank-financed Ceará Rural Sustainable Development and Competitiveness Project ($100 million); and (iii) Support to the Peru National Agricultural Innovation Program ($350,000), supporting preparation and implementation of National Agricultural Innovation Program ($40 million).

Support to the Peru National Agricultural Innovation Program, $500,000
This grant contributed to capacity building in the National Agricultural Innovation Institute (INIA) and supported the preparation of the Bank lending operation, National Agricultural Innovation System Support Project ($40 million). The grant financed 16 separate studies, including benchmark data of countries relevant to Peru, a study on the need for institutional change in INIA, a study on the environmental and social dimension of the program, and a report on the parameters of a workable monitoring and evaluation (M&E) system. In addition, an operations manual was prepared, describing context, objectives, activities, implementation modalities and management systems of the project. The Bank Board of Directors approved the project on December 17, 2013, and the loan agreement was signed in April 2014.

SFLAC Grant Execution Modality

22. The majority of the SFLAC funds (81%) was executed by the Bank, with 19% executed by the recipients. The Bank-executed grants included technical assistance, knowledge generation, and learning activities. The recipient-executed SFLAC activities included project preparation and technical assistance projects. SFLAC will continue to ensure a mixed execution modality for the remainder of the funding, enabling both the efficient and speedy project implementation and involvement of the local beneficiaries in the grants execution.

II. SFLAC Grants in Bank Lending Projects

23. SFLAC has leveraged significant development financing, and its grants have supported a number of important Bank lending projects. Some grants played a central role in bringing lending projects to fruition or supplied critical input to their implementation. Without this funding, these projects would not achieve their development objectives. Table 4 lists the SFLAC grants which supported the preparation or implementation of the Bank-financed projects. These grants, totaling about $5.7 million, contributed to over $3 billion in lending projects. Some examples of SFLAC grants providing key inputs to the Bank’s lending operations are presented below.
**Technical Assistance for Project Structuring and Integration for the Lima and Bogotá Metro Projects, $500,000**

24. This SFLAC grant supported various technical activities aimed at ensuring the sustainability of major urban mass transit megaprojects (metros) in rapidly growing and highly populated metropolitan areas. This technical assistance complements the high-profile Lima Metro Line 2 Project supported by the Bank in consortium with other multilateral and private investors for a total financing of $5.8 billion. The grant became operational promptly following approval, and has been delivering some concrete results, including: (i) technical support for the finalization of key project structuring documents, such as the manual of operations for financiers, and the environmental and social assessment documents, (ii) preparation of a citizen engagement strategy, and (iii) conceptualization of a pilot project for improving the intermodal connections and accessibility to key stations. Additional achievements and progress to date under this grant are detailed in Annex 3.

**Advisory Services for Integrated Urban Development in Rio de Janeiro, $250,000**

25. This grant directly supported efforts linked to the ongoing Strengthening Public Sector Management and Integrated Territorial Development Technical Assistance Project ($48 million). The grant activities provided critical input to the Rio de Janeiro Strategic Metropolitan Plan and contributed to the capacity building of the state government in order to achieve the project objectives. Supported activities included: (i) assessments and hands-on roundtables to inform Rio's sustainable urban planning and strategy, (ii) advisory services (assessment and reports) provided to State Secretariat of Housing, and (iii) technical assessment and best practices recommendations provided to State Secretariat of Social Assistance and Human Rights. A related earlier SFLAC grant, Knowledge and Learning for Metropolitan Regions in Brazil ($95,000), produced technical recommendations and contributed to the fulfillment of the release conditions of the second tranche of the Development Policy Lending - Rio de Janeiro Metropolitan Urban and Housing Development ($485 million).

**Water in Northeast Brazil, $750,000**

26. The activities financed under this grant supported multiple lending projects in the Brazilian water sector. The work under this SFLAC grant—economic analysis of water allocation strategies and the support for developing a regional strategy of productive water use—led to identification of the new Bank project, Ceará Rural Sustainable Development and Competitiveness Project ($100 million). The grant contributed to the design of the project’s irrigation component and the institutional capacity building component. The grant also helped develop the approach for integrated urban water management in Aracaju, an important input to the Integrated Water Resources Management component of the Bank-financed Sergipe Water Project ($70.28 million). The ongoing Federal Integrated Water Sector Project – INTERAGUAS ($107.33 million) also benefited from the grant activities.
<table>
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<th>Country</th>
<th>Grant ID</th>
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<th>Grant Title</th>
<th>Grant Amount (US$M)</th>
<th>Project ID</th>
<th>Approval Date</th>
<th>Project Title</th>
<th>Project Amount (US$M)</th>
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<td>Argentina</td>
<td>TF098374</td>
<td>Active</td>
<td>Supporting Implementation of Phase 1 of the Matanza-Riachuelo Basin Sustainable Development Project</td>
<td>0.450</td>
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<td>Matanza-Riachuelo Basin Sustainable Development Adaptable Lending Program</td>
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<td>Brazil</td>
<td>TF096046</td>
<td>Closed</td>
<td>Supporting Inclusive Business Alliances for smallholder agricultural producers in Pernambuco</td>
<td>0.246</td>
<td>P120139</td>
<td>March 6, 2012</td>
<td>Pernambuco Rural Economic Inclusion</td>
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<td>Brazil</td>
<td>TF010458</td>
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<td>P126735</td>
<td>February 12, 2014</td>
<td>Strengthening Public Management and Integrated Territorial Development</td>
<td>48</td>
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<td>Brazil</td>
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<td>Water in Northeast Brazil: Enhancing the Productive Use of Water</td>
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<td>P121167</td>
<td>April 5, 2012</td>
<td>Ceara Rural Sustainable Development and Competitiveness</td>
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<td>P112074</td>
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<td>Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti the Preparation of CARCIP Program</td>
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<td>May 22, 2012</td>
<td>Caribbean Regional Communications Infrastructure Program</td>
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<td>Institutional Strengthening and Capacity Building to Support the Rio Bogotá Environmental Improvement Program</td>
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<td>P11479</td>
<td>December 14, 2010</td>
<td>Rio Bogotá Environmental Recuperation and Flood Control Project</td>
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<td>Support for Education Quality Improvement Project</td>
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<td>Energy Access Expansion in Haiti</td>
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<td>Rebuilding Energy Infrastructure and Access</td>
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<td>Sustainable Water for a Sustainable City: Promoting Integrated Urban Water Management in Tegucigalpa Area</td>
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<td>P103881</td>
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<td>Strengthening Municipal Territorial Planning Capacity as part of the Honduras Land Administration Program</td>
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<td>Promoting a Multi-sectoral multi-stakeholder Approach to Sustainable Local Development in the Poorest Municipalities</td>
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<td>Strengthening Social Resilience to Climate Change</td>
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<td>Addressing Mexico's Water Challenges - Tackling Water Scarcity</td>
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<td>Peru &amp; Colombia</td>
<td>TF018935 (BETA)</td>
<td>Technical Assistance for Structuring and Integration of Metro Projects</td>
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<td>P145610</td>
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<td>Uruguay</td>
<td>TF096016 (REPP)</td>
<td>Preparation for OSE Response to Climate Change Project</td>
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<td>P118064</td>
<td>July 5, 2012</td>
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**TOTAL**  5.712  3,053
II. Noteworthy Developments in 2014

Grant Approvals and Achievements

27. A number of SFLAC grants, particularly those approved in the 2013 SFLAC approval cycle, are in active implementation stage, and in the course of 2014 were demonstrating significant progress toward their development objectives. Some examples of the progress under the recently approved grants are showcased below. More detailed information on these grants is included in Annex 3.

**Consolidation, Improvement and Expansion of the Rural Water and Sanitation Information System (SIASAR), $400,000**

28. This grant finances activities to consolidate and expand the Rural Water and Sanitation Information System (SIASAR), an ICT-based information system that collects, synthesizes, and analyzes data on rural water service delivery. The grant activities also provided for informed sector policy formulations, investments, and technical assistance provision planning. As a result of this grant, information for over 9,500 communities from the Dominican Republic, Honduras, Nicaragua, and Panama has been entered into the system. In the latter three countries, the tool is fully institutionalized and the governments have already developed national and municipal water and sanitation sector plans based on the collected data and indicators.

**Implementation of Panama Maritime and Logistics Strategy - Phase 2 - Air Cargo, $500,000**

29. This grant supported implementation of Panama’s maritime strategy in two phases. The first phase focused on institutional strengthening of the Panama Maritime Authority. The grant activities in the second phase (currently under implementation) support the Ministry of Industry and Commerce (MICI) and the government’s Logistics Cabinet (led by the MICI) in the preparation of a Logistics Action Plan (LAP) with special emphasis on the air cargo sector development. During 2014, a detailed action plan and a strategy were prepared and delivered to the government of Panama. The action plan presents sequenced and prioritized actions necessary to ramp-up 7 niche sectors that will boost Air Cargo in Panama. Recommendations on institutional strengthening as well as infrastructure development actions were showcased and their potential impact analyzed. In addition to an implementation schedule, the strategy contains an estimated budget for each of the necessary actions, and identifies the key institutions responsible for each action.

**Water in Northeast Brazil, $750,000**

30. This grant supports an “institutional upgrade” with a permanent institutional approach and response to drought, and integration within and between federal and state institutions. It also supports a “technical upgrade” by developing drought monitoring tools and preparedness plans and protocols. The achievements so far include: (i) the establishment of Northeast Drought Monitor benefiting the stakeholders affected by drought in the nine Northeast states and those tasked with managing drought in the region; primarily state and federal meteorological, hydrological, and agricultural secretaries/administrations, (ii) five operational drought preparedness plans and improved institutional
collaboration and agreements benefiting federal and state agencies involved with integrating drought planning and management, and (iii) two study tours with water managers from Brazil (one to the Western United States, September 2013, and one to Spain in September 2014). The study tour to Spain involved experts from more than 10 Spanish institutions and showcased the latest technologies and capabilities in water management. The high level discussion and knowledge sharing that took place led to cooperation agreements between Brazil’s Ministry of National Integration and Spain’s Ministry of Agriculture, Food and Environment.

**Grant Closures in 2014, Results, and Impact**

31. In 2014, 34 SFLAC grants, totaling $7.31 million, were closed. These grants completed important work with significant results in environment and climate change, information communication and technology, and governance and anti-corruption. Some noteworthy grants include the following:

*Institutional Strengthening and Capacity Building to Support the Río Bogotá Environmental Improvement Program, $200,000*

32. This grant supported the preparation and implementation of the Río Bogotá Environmental Recuperation and Flood Control Project ($250 million). The grant financed high level international and local experts that delivered specialized, high-level know-how to support the preparation of conceptual designs, bidding documents, and technical specifications for the design and project management contracts for (i) an Integrated River Basin Plan, (ii) a Dynamic River Management Plan, (iii) a Biosolids Master Plan and a National Policy for Biosolids Management, and (iv) the Salitre Waste Water Treatment Plant turnkey contract (valued at about $400 million).

*Uruguay Low Carbon Studies, $250,000*

33. The Uruguay Low Carbon Studies Grant assessed the mitigation potential and helped to identify low-cost options and feasible mechanisms to reduce the country’s carbon footprint without compromising economic growth. The study provided policy recommendations and guidance for actions to the government, in particular the Ministries of Agriculture, Energy and Environment. Due to the importance of the agricultural sector in Uruguay’s economy and its contribution to the country’s emissions level, the study focused on agriculture (including the livestock sub-sector) and land use change. The conclusions of the analysis validated several of the government’s policy choices, such as increased afforestation and wind energy development—the two key elements in the government’s current policy priorities which have a significant potential for emission reduction at low or zero cost to the economy. The methodologies piloted in this study are expected to serve as a blueprint for similar studies in other countries in the region.

*Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for the Preparation of the Caribbean Regional Communications Infrastructure Program (CARCIP) Program, $250,000*

34. This grant contributed to the preparation of the Caribbean Regional Communications Infrastructure Program (CARCIP) ($25 million). The grant activity produced a technical feasibility study,
Environmental and Social Management Framework (ESMF), and Resettlement Policy Framework (RPF) that were subsequently used as critical inputs for the Dominican Republic in its decision to join the CARCIP program. The first phase of the CARCIP program was approved in May 2012. Participating countries of the first phase included St. Vincent, Grenada and St. Lucia. With the help of the grant-financed capacity building activities, the Dominican Republic reengaged with the program at the end of 2013, and the World Bank Board of Directors approved the $25 million project in September 2014 with three components: (i) Regional Connectivity Infrastructure, (ii) Open Innovation Hub, and (iii) Implementation Support.

Laying the Foundations for ex-ante Data Harmonization of Social and Labor Force Surveys: Promoting Accessibility and Transparency for Accountability and Monitoring, $260,000

35. This SFLAC grant supported activities to improve microeconomic data harmonization, documentation and dissemination practices, leading to enhanced transparency, accountability and monitoring of social and private sector development. All available 2011 and 2012 household and labor force surveys were harmonized and documented through the creation of their metadata. The methodological guide was improved and updated through 2012. In particular, the workshop’s ex-post data harmonization was a successful step in the long process of strengthening the information base for evidence-based policy making in the region. After the workshop, the participating countries agreed to continue the dialogue and produce a document that summarized the discussions, analyzed in further detail the methodologies presented to calculate income and undertook various simulation exercises to evaluate the impact on the measurement of alternative methodologies. As a result of the grant activities, 20 National Statistical Offices (NSOs) agreed on the adoption of documentation protocols; 25 NSOs are in the process of harmonizing data according to the said protocols; and furthermore, 11 NSOs are adopting the protocols for ex-ante harmonization.

Utilization of Spanish Technical Expertise

36. SFLAC has been an important instrument for sharing Spanish technical expertise in Latin America. In line with the program’s focus on forging partnerships and professional exchanges among the Spanish and the local experts in Latin America, SFLAC grants have relied on a number of Spanish firms and consultants in implementing the grant activities. In addition, the number of individual consultants hired in 2014 represented an increased used of Spanish expertise. Since the program’s inception and up to December 31, 2014, contracts with Spanish firms and consultants hired under SFLAC grants totaled around $1.5 million. Of this total, consulting firms received contracts totaling $850,000, around half of which were issued in 2014 ($426,000). Similarly, the total value of contracts issued to individual contractors was around $650,000, of which 36% was issued in 2014 ($234,000). Finally, of the 55 total number of individual consultants hired, 13 received contracts in 2014.3

3 The figure does not include Bank’s Spanish ETCs and STCs working on staff-like assignments, but only project-specific consultants.
37. Furthermore, many lending projects associated with SFLAC grants have benefited from the Spanish expertise, and the value of contracts with the Spanish companies under such projects have amounted to $63 million as of December 2014. The detailed listing of engagement with the Spanish technical experts under SFLAC and related projects is included in Annex 2.

38. One example of such collaboration was a contract with the Advanced Logistics Group S.A. (ALG) under the Implementation of Panama Maritime and Logistics Strategy Project ($500,000) in 2014. ALG specializes in comprehensive strategic consultancy solutions. It provides services ranging from development strategy to implementation, covering the entire life cycle of businesses and transport infrastructure, territorial development and logistics for the public and private sectors. ALG was selected to implement a $335,000 contract under the SFLAC project through a competitive procurement process. This contract is the largest in value among all the SFLAC contacts with Spanish consulting firms. ALG helped the government of Panama set up the air cargo strategy with a very participatory approach involving the public and private sectors. ALG conducted more than 25 interviews and six workshops (three during preparation and 3 dissemination workshops). The implementation of the recommendations resulting from the consultations and workshops is in progress. For example, the Panamanian government created the Logistics Ministry (Secretaria Logistica) in November 2014 to coordinate and lead the implementation of the action plan developed under the strategy. The overall grant implementation of the Panama Maritime and Logistics Strategy was successful, in large part due to the high quality work by ALG. Annex 3 includes the result story on the overall grant performance.4

39. Other notable contracts with Spanish consulting firms included: (i) Universitat Politècnica Catalunya under the grant for Consolidation, Improvement and Expansion of the Rural Water and Sanitation Information System in Central America (SIASAR), (ii) Fundacion CEDDET under a grant Knowledge Platform: Environmentally Sustainable Infrastructure Construction in Latin America, TF015760, and (iii) Fundació Institut Català de Farmacologia (FICF) under a grant Setting Standards for Improved Governance in Health in Central America, TF011335 – which conducted a pilot online-training project.

**Donor Visibility and Collaboration**

40. SFLAC has been instrumental in raising awareness of Spain as an important development partner and donor in the LAC region. This was achieved in a number of ways, including:

- Direct collaboration between SFLAC grant beneficiaries and the Spanish technical experts.
- Posting the SFLAC Logo, consisting of the Spanish National Flag and the logo of the Spanish Ministry of Economy and Competitiveness, in all publications and materials produced under SFLAC grants.

4 The Bank task team has also commended the Spanish Economic and Commercial Office of the Spanish Embassy in Panama, for its support and participation, and specifically Mr. Bernardo Hernandez whose support was crucial during the project implementation and follow-up.
• Formal and informal collaboration of the Bank task teams with the Spanish government representatives in the beneficiary countries.
• Participation of the Spanish representatives in the beneficiary countries in ceremonial and public events related to SFLAC grants.

41. The benefits that the SFLAC program offers the region’s governments and people go beyond financing. SFLAC’s support and technical expertise on the ground proved indispensable to many beneficiaries. For example, access to water is a cornerstone for development and a strong engine for reducing inequalities, and many countries struggle with a lack of a coordinated approach, policy gaps and inadequate infrastructure. They have much to learn from Spain’s experience at the forefront of water management strategies that address climate change and efficacy.

42. Spain’s expertise in the area of water and drought management is the result of decades of experience in managing severe drought periods and successfully formulating policy in connection with water management and climatic risk approaches. With SFLAC financing, delegates from the region’s ministries and agencies visited various water management entities in Spain to observe first-hand Spanish planning and management approaches to minimize the effect of water scarcity and adapt to climate change. Thanks to these partnerships, governments in Uruguay, Honduras, Nicaragua and Brazil took advantage of Spanish expertise in water management and related infrastructure.

43. In addition, Spain’s global leadership in open innovation systems helped improve existing capacity to design interconnectivity in the ICT system in the Dominican Republic and its neighboring islands. ICT is one of the critical drivers of economic growth, competitiveness and diversification in the region. Open innovation systems foster synergies and sharing of cost, risk and reward, and are important in the development of ICT and related services. Representatives from the Dominican Institute of Telecommunications (INDOTEL) participated in training workshop on open innovation in Madrid, Spain in November 2013. The training was carried out in collaboration with the ESADE Business School in Spain and leading Spanish experts presented analytics and models of open innovation. The experience strengthened the beneficiaries’ technical capacity for implementing the Caribbean Regional Communications Infrastructure Program (US$25 million).

44. Finally, Spanish expertise in infrastructure, particularly in the field of engineering and construction, has benefited a number of LAC countries. Given the rapid rate of urbanization and the growing need for access to basic services in the region, environmentally sustainable infrastructure construction is the cornerstone of green and inclusive growth. The SFLAC grant, Knowledge Platform for Environmentally Sustainable Construction ($475,000) creates a platform to serve as a key source for

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8 http://en.wikipedia.org/wiki/Open_innovation
9 http://www.bigdataspain.org/2013/conference/open-innovation-workshop-bbva-bds13
knowledge transfer, capacity building, innovation, lesson-learning in environmentally sustainable infrastructure construction and to become a forum to contribute ideas and solutions. Various Spanish firms and entities played an important role in the design and testing, and provided content for the platform. The Spanish consortium formed by the CEDDET Foundation and consulting company Creativity and Technology (CYTSA) was contracted following an internationally competitive bidding for the platform’s operation and maintenance. The steering committee for the platform includes Spanish firms and associations such as FCC Construction, the Spanish Association of Engineering, Consulting and technical services (Techniberia), and the Spanish Association of Project & Contract Management (AEDIP). The platform is expected to benefit technical specialists working in government agencies, construction companies, consulting firms and universities in Latin America. Other examples of donor visibility and collaboration are listed in Annex 1.

**SFLAC Program Administration, Monitoring, and Reporting**

45. SFLAC is administered by the SFLAC Secretariat housed in the Latin America and Caribbean Operational Services Unit (LCROS) of the LCR Regional Vice Presidency. The SFLAC Secretariat, under the supervision of the SFLAC Program Manager, provides day-to-day program management and oversight over the SFLAC trust fund portfolio, management reporting, operational support to the task teams, and donor coordination. In accordance with the World Bank’s policies, the program included a 5% administrative fee ($2 million). Out of that amount, $400,000 was allocated to the World Bank corporate units as a part of standard administrative cost recovery, per the Bank’s policy, and the balance ($1.6 million) was allocated for program administration costs by the SFLAC Secretariat for the life of the program. The total expenses for the SFLAC Secretariat costs from the program inception to December 2014, amounted to $0.7 million, and the available balance is $0.9 million for the remainder of the program (see Table 5).

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<td>Actual Expenses by SFLAC Secretariat (3)</td>
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<td>Available Balance (1)-(2)-(3)</td>
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46. The 2014 Grant Reporting and Monitoring (GRM) exercise was carried out with a reporting end date of October 31, 2014 for 60 active and qualifying grants, and the GRM reports are available on the SFLAC website. Some of the SFLAC grant results stories stemming from the 2014 GRM exercise are featured in Annex 3.

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10 Project-related (not administrative) grants
47. As requested by the Donor Authorities in 2010, after the second round of SFLAC approvals, charges from Bank staff and Extended Term Consultants (ETCs) for the Bank-executed grants have been closely monitored so as to remain under 20% of the total approved amount. As of December 2014, total Staff and ETC charges under the SFLAC BETFs represent approximately 12% of the total amount approved for Bank-executed grants, thus remaining well below the agreed threshold.

48. A Single Audit exercise was completed for 2014. In accordance with the SFLAC Administration Agreement, the Bank provides the Donors, within six months following the end of each Bank fiscal year (June 30th), an annual single audit report comprising of a management’s assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial report for trust funds as a whole. This was carried out by the Bank’s Controller’s department at the end of June 2014, and was communicated to the Donor Authorities. The SFLAC program was part of this single audit and no issues were reported. The next report will be available after June 2015.
III. Conclusions and the Way Forward

49. The SFLAC program has matured in terms of commitment of funds and implementation of grants activities. While the benefits to each beneficiary country are important, the program’s support of regional and sub-regional activities is particularly invaluable. This positions SFLAC as a unique instrument in the region, filling the demand gap for funding of multi-country, multi-sectoral, and regional initiatives. As the Bank moves to the GP-focused and increasingly theme-centered structure, the region-specific funding facilities gain a particular importance, since they maintain their geographic focus and continue to support the region-specific analytical and advisory work, central for the Bank’s knowledge and support to the clients.

50. SFLAC has supported a large number of the IBRD/IDA lending projects, and AAA (Analytic and Advisory Activities), proving an important catalytic instrument for the Bank’s work. The program has also helped the regional clients to benefit from the engagement of the Spanish technical experts under the SFLAC-funded activities. This practice enhanced professional exchanges, strengthened communities of practice, and facilitated the sharing of expertise between the Latin American and Spanish specialists. It has benefitted both the LAC clients and the experts from the Donor Country.

51. SFLAC’s flexibility in the implementation modality provided the opportunity to engage with the local beneficiaries and strengthen local capacity in cases of the recipient-executed grants, and to take advantage of the comparatively faster-moving Bank execution, especially important for the grants that cover more than a single country.

52. Overall, SFLAC is an invaluable instrument for providing just-in-time funding for activities across priority sectors and themes, for work that catalyzes Bank financing, expanding on the body of sectoral and cross-country knowledge, and improving local capacity in the client countries. It facilitates cross-country exchanges and sharing of expertise, laying the groundwork for potential continuity of professional linkages and expertise development.

53. The remaining SFLAC funds are limited, and the Donor authorities and the SFLAC Secretariat have shifted their focus to maximizing the available funding for the high-priority activities. The performance of the Technical Assistance for Structuring and Integration of Metro Projects in LAC demonstrates how a relatively small financing amount applied to strategically-designed interventions in support of critical lending operations, can generate very important development impacts. It is anticipated that in the course of the remaining SFLAC operations, the review and approval process for the new SFLAC proposals will be more selective, and the number of the new approvals will be limited, with particular focus on thematic and country relevance.

54. On the administrative side, the SFLAC Administrative Agreement (AA) Amendment is being finalized by the Donor authorities and is expected to come in force by mid-2015. In line with the new review and approval framework reflected in the Amendment, and according to the Donor consultations during the 2015 Spring Meetings, the SFLAC funding is expected to be committed to qualifying activities in the course of two calendar years (approximately by December 2016), for the priority themes agreed.
with the Donor and currently including urban development and planning, transport, logistics, road safety, energy, ICT, and tourism.
### Annex 1 – Examples of Donor Visibility and Collaboration

<table>
<thead>
<tr>
<th>Country</th>
<th>TF Number</th>
<th>TF Title</th>
<th>TF Amount</th>
<th>Spanish Engagement/Visibility</th>
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</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>TF099062</td>
<td>Improving Governance of Sub-National Social Protection Programs</td>
<td>250,000</td>
<td>We met with the Spanish Economic Officers in Buenos Aires at the start of implementation and informed them of the planned activities. We also kept them informed of all activities, and invited them to participate in National Seminars</td>
</tr>
<tr>
<td>Brazil</td>
<td>TF096763</td>
<td>Water in Northeast Brazil: Enhancing the Productive Use of Water</td>
<td>750,000</td>
<td>The Universidad Politecnica de Valencia (Professors Joaquin Andreu and Abel Solera) participated in 4 high-level technical workshops in different capitals of the northeast region (Fortaleza, Natal and João Pessoa). Given the similarity of several regions of Spain with the littoral and interior regions of northeast Brazil, their approach on river basin plans and adaptation to droughts was seen as highly relevant by the Brazilian counterparts. The Bank met with the Oficina Economica y Comercial de España in Brasilia (Mr. José Manuel Rodriguez de Castro, Chefe, Conselheiro Economico e Comercial) to debrief on the grant activities and discuss the strategy and objectives of the new additional SFLAC funding (450,000). Finally, the Bank organized in Sep 2014 a two-week study tour for a Brazilian delegation of 13 high-level professionals of the Brazilian water sector, to Madrid and Valencia. This study tour was organized in close collaboration with the Spanish Ministry of Economy and Competitiveness, and ICEX España Exportacion e Inversiones. The visit also explored tools for drought management, irrigation arrangements, urban water supply, desalination plants, and water reuse systems. It involved several federal and state institutions’ representatives from Brazil (i.e., 10 from the federal government and 3 from state governments). Moreover, the visit involved experts from more than 10 Spanish institutions, including amongst others: Ministry of Agriculture, Food and Environment (MAGRAMA), a civil engineering research agency (CEDEX), the water basin authority of Júcar basin (Confederación hidrográfica del Júcar), the University of Valencia (UPV), and the water utilities of Madrid and Valencia (Aguas de Valencia and Canal Isabel II). Also, a Memorandum of Understanding was signed on April 22, 2015, in Madrid between Spain’s Ministry of Agriculture, Food and Environment and Brazil’s Ministry of National Integration to establish specific cooperation agreements in the near future.</td>
</tr>
<tr>
<td>Brazil</td>
<td>TF010458</td>
<td>Advisory Services for Integrated Urban Development in Rio de Janeiro</td>
<td>250,000</td>
<td>The Bank sent an invitation to the government of Spain to the metropolitan workshop under preparation. The SFLAC logo was used on the workshop program and publications.</td>
</tr>
<tr>
<td>Brazil</td>
<td>TF010693</td>
<td>Fostering Short Sea Shipping in Brazil</td>
<td>300,000</td>
<td>Copies of the study reports will be to Spanish commercial offices in Brazil and in DC, when available.</td>
</tr>
<tr>
<td>Central</td>
<td>TF011335</td>
<td>Setting Standards for Improved Governance in Health</td>
<td>70,000</td>
<td>Pilot project of online-training was conducted with the participation of a Spanish academic institution, the Catalanon Institute of Pharmacology. The selection process was conducted in coordination with the Spanish Economic and Commercial Offices in the field and DC. Participation of researchers and health experts from Spain and Chile were critical to introduce new tools for enhancing the standards of development of clinical guidelines and pharmaco-vigilance.</td>
</tr>
<tr>
<td>Central</td>
<td>TF011092</td>
<td>Central America Disaster Risk Reduction and Climate Change Adaptation</td>
<td>600,000</td>
<td>Spanish Economic and Commercial Offices in Central America were invited to regional activities organized by CEPREDENAC: Donor Consultation Meeting for supporting the Central America Fund for Disaster Reduction and Climate Change Adaptation in December 2013 in Panama, and Central America Workshop on Disaster Risk Financing and Insurance in El Salvador in October 2014.</td>
</tr>
<tr>
<td>Central</td>
<td>TF095875</td>
<td>Overcoming Obstacles to Regional Competitiveness</td>
<td>300,000</td>
<td>The Spanish Economic and Commercial Offices in Central America were invited to all presentations held in-country. For the Costa Rica regional conference held in February 2013, a member from the Spanish government sat at the honors table and gave a few words of acknowledgement.</td>
</tr>
<tr>
<td>Colombia</td>
<td>TF096015</td>
<td>Project preparation for Barranquilla Flood Management Project</td>
<td>725,000</td>
<td>In compliance with SFLAC guidelines, the project team established contact with the Spanish Economic and Commercial Office of the Spanish Embassy in Bogotá at the time call for Expression of Interest for the feasibility study was published. After a very rigorous selection process, a Spanish Firm was selected.</td>
</tr>
<tr>
<td>Country</td>
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<tr>
<td>Colombia</td>
<td>TF098814</td>
<td>Analyzing the Experience of Specialized Water Operators in Colombia</td>
<td>100,000</td>
<td>The project documents include the SFLAC logo. The World Bank representatives consistently informed the government of Colombia agencies that the study was funded by the government of Spain—which was highly appreciated by all parties. There was no specific coordination with the Spanish Economic and Commercial Offices directly related to this grant. However, the Bank task team has welcomed and met with numerous Spanish commercial delegations in Washington and Colombia to brief them on business opportunities in Colombia under Bank-financed activities.</td>
</tr>
<tr>
<td>Colombia</td>
<td>TF099763</td>
<td>Strengthening Governance for Social Risk Management</td>
<td>150,000</td>
<td>The agenda and other materials of the event included the logo of the Spanish Ministry of Economy and Competitiveness.</td>
</tr>
<tr>
<td>Colombia</td>
<td>TF097840</td>
<td>Institutional Strengthening and Capacity Building to Support the Rio Bogotá Environmental Improvement Program</td>
<td>200,000</td>
<td>The commercial office in Colombia was informed of specific activities.</td>
</tr>
<tr>
<td>Caribbean</td>
<td>TF099933</td>
<td>Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for the Preparation of the CARCIP Program</td>
<td>250,000</td>
<td>Technical staff from the Instituto Dominicano De Telecomunicaciones (INDOTEI) attended a training session on Open Innovation in Spain to build capacity for the design of component 2 of CARCIP in the Dominican Republic, and to learn from relevant Spanish experience. The training was carried out in collaboration with ESADE business school in Spain. The Bank coordinated with the Spanish Economic and Commercial Office in DC for help with publicizing the call for tenders for the feasibility study.</td>
</tr>
<tr>
<td>Ecuador</td>
<td>TF010464</td>
<td>Technical Assistance on Climate Adaptation, Mitigation and Conservation of Critical and Vulnerable Ecosystems</td>
<td>100,000</td>
<td>The environment team met with the representative of the Commercial Office in Quito, Ecuador, during 2013, and provided an update on the activities carried out through the grant.</td>
</tr>
<tr>
<td>Honduras</td>
<td>TF099354</td>
<td>Sustainable Water for a Sustainable City: Promoting Integrated Urban Water Management in the Greater Tegucigalpa Area Project</td>
<td>400,000</td>
<td>A general overview of the work carried out by the Municipal Unit of Water and Sanitation Management (UGASAM) has been shared with the Honduras Donors work group (Mesa de Cooperantes del Sector Agua) including AECID (Commercial Attachés and Representatives from the Spanish Cooperation)</td>
</tr>
<tr>
<td>Honduras/Guatemala</td>
<td>TF015430</td>
<td>Forging Public-Private Partnerships for Citizen Security in Honduras and Guatemala</td>
<td>500,000</td>
<td>The team has met twice with the representatives of the Spanish Economic and Commercial Offices in DC to inform them about progress. They will be invited to the country policy roundtables. The survey questionnaire and letter of firms will have the relevant logo of SFLAC. The logo will be used in publications, trainings, and knowledge and dissemination materials, which will explicitly acknowledge the Spanish support.</td>
</tr>
<tr>
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<tr>
<td>Mexico</td>
<td>TF099123</td>
<td>Development of an Internal Control IT System for the Ministry of Public Administration</td>
<td>122,000</td>
<td>Representatives from the Spanish Economic and Commercial Office in Mexico regularly attended the supervision missions that were carried out throughout the life of the grant, including the last mission held on September 2014.</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>TF016023</td>
<td>Consolidation, Improvement and Expansion of the Rural Water and Sanitation Information System (SIASAR)</td>
<td>400,000</td>
<td>A schedule of SIASAR upcoming events, including planned workshops, events, and activities was shared with the Spanish Economic and Commercial Offices of the Ministry of Economy and Competitiveness of Spain in Washington DC and in the field. The Commercial Attachés and Representatives from the Spanish Cooperation (AECID) in the countries implementing SIASAR (Honduras, Nicaragua, Panama, and Dominican Republic) have been invited to and participated in key events that have taken place in their respective countries. AECID and IADB officials managing FCAS-funded rural water and sanitation projects in participating countries have been actively involved in most country activities, and the Commercial Attaché from Tegucigalpa joined the National Committee of SIASAR in Honduras. The revision of the SIASAR conceptual model has benefited from collaboration with the Polytechnic University of Catalonia, funded through this grant and WSP funds.</td>
</tr>
<tr>
<td>Panama</td>
<td>TF015368</td>
<td>Implementation of Panama Maritime and Logistics Strategy - Phase 2 - Air Cargo</td>
<td>500,000</td>
<td>The Spanish Economic and Commercial Office in Panama was aware and informed of all activities under this grant. Mr. Bernardo Hernandez also participated in the dissemination workshops and coordinated with members of the new government to ensure the continuation of activities and the implementation of the strategy.</td>
</tr>
<tr>
<td>Paraguay</td>
<td>TF096017</td>
<td>Strengthening Paraguay National Audit Office</td>
<td>330,200</td>
<td>Since project inception, the Spanish Economic and Commercial Office in Paraguay has been periodically informed of all grant activities and implementation support visits to Contraloría General de la República (CGR). In particular, the former and current Spanish Economic Representatives have participated in the project launch ceremony and the dissemination event. Those events have had extensive media dissemination including TV news. In addition, Spain Supreme Audit Institution (TCE, Spanish acronym) has been involved in some of the project key activities, such as the delivery of training on modern audit techniques to CGR audit staff by TCE trainers and the secondment of 10 CGR staffers to Spain TCE for about 20 days in January 2013.</td>
</tr>
<tr>
<td>Peru</td>
<td>TF012180</td>
<td>Support to the Peru National Agricultural Innovation Program</td>
<td>350,000</td>
<td>Due to the delay in the effectiveness of the resulting project and program, there has not yet been contact with the Spanish Embassy or Spanish Universities. Contacts with Spanish Universities and with INIA are planned to start by the middle of the calendar year, once the project becomes effective. The Spanish Ambassador will be invited to speak at the Launch event of the program. At the launch event Spain’s contributions to the preparation will be formally recognized.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF099110</td>
<td>Improving Governance to ensure effective delivery of NCD services in Latin America and the Caribbean Region</td>
<td>150,000</td>
<td>The team coordinated the visits to the countries involved in the grant and also the large event in Washington DC where the Spanish Economic and Commercial Office in DC was invited.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF015760</td>
<td>Knowledge Platform: Environmentally Sustainable Infrastructure Construction</td>
<td>475,000</td>
<td>Ongoing contact with both Spanish Economic and Commercial Office and various Spanish companies for their participation. Member of steering committee includes Spanish entities: FCC Construction (one of largest Spanish constructor), Techniberia (Spanish Association of Engineering, Consulting and technical services), AEDIP (Spanish Association of Project &amp; Contract Management). Various Spanish firms were invited and participated in tendering process for phase 2 and 3 contracts. Meetings held with Spanish Economic and Commercial offices to discuss ideas for Knowledge Platform roll-out and associated events to build KP user base.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF096045</td>
<td>Strengthening Climate Change Adaptation in Latin American and Caribbean Cities</td>
<td>290,000</td>
<td>The Spanish Economic and Commercial Offices in Washington, DC, as well as in Brazil and Peru were informed via email during the procurement process/advertising for the request for Expression of Interest (Eoi) for this initiative. In addition, the Spanish Economic and Commercial Offices in Honduras and Saint Lucia (through the Venezuela Office), two additional countries financed by the interrelated BNPP TF, were also notified about this activity when the Request for Expression of Interest was posted on the Web.</td>
</tr>
<tr>
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<tr>
<td>Latin America</td>
<td>TF096468</td>
<td>Enabling Results in Basic Services Delivery in LAC: A Public Accountability Index</td>
<td>200,000</td>
<td>The team plans to initiate communication with the Spanish Commercial Office in Washington Dc to alert them to the fact that the Directions in Development report will be published before April 30, 2015. The team will ensure that the Spanish fund is acknowledged in all products produced under this grant.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF099559</td>
<td>Enhancing Governance and Accountability Arrangements of Health Insurance Schemes</td>
<td>220,000</td>
<td>The team met with the companies facilitated by the Spanish Economic and Commercial Offices.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF099929</td>
<td>Role and Organization of the State in the Ownership and Supervision of State-Owned Enterprises</td>
<td>100,000</td>
<td>In the process of gathering relevant information on SOE corporate governance and preparing the country cases, the Bank worked closely together with representatives from Spain’s MOF (Ministerio de Hacienda y Administraciones Publicas - MHAP) and its Public Holding for Industrial Participations (Sociedad Estatal de Participaciones Industriales - SEPI). Furthermore, officials from the Spanish Embassy have been invited to participate in the technical workshop on SOE oversight in the country cases from the LAC region, held in December 2011 in Punta del Este, Uruguay and to the conference held in Buenos Aires in March 2014.</td>
</tr>
<tr>
<td>Latin America</td>
<td>TF099934</td>
<td>Towards an Equitable Provision of Opportunities for All in LAC</td>
<td>175,000</td>
<td>Coordination with the Spanish Economic and Commercial Offices took place during the implementation of the second component - awareness and dissemination.</td>
</tr>
</tbody>
</table>
Examples of Visibility of the IFC SFLAC-funded Grants

Media Report from January to December 2014, with relevant updates through March 2015

During this period, local (78%), regional (8%) and international (16%) media outlets covered SFLAC-funded grants, reaching a total of **50 media articles**. Regional media coverage included Construccion Panamericana and Summa. International media coverage included media outlets from France (4 Traders), Jordan (Al Bawaba), Spain (La Informacion), the Netherlands (News Locker), the United Kingdom (WN) and USA (Hispanic Business).

**MEDIA COVERAGE**

**By Country**

Projects from El Salvador attracted the highest media attention (56%), followed by projects from Haiti (30%) and projects covering the whole LAC region (14%).

**By Project**

El Salvador Port attracted the highest number of media articles (28 articles – 56%), followed by the Leasing Development Project in Haiti (15 articles – 30%) and the LAC Mobile Financial Services project (7 articles – 14%).

**By Media Type**

The projects were featured in mix media such as the Internet (64%), newspapers (22.00%), magazines (10%) and radio & television (4%).
Banco Mundial dice tecnología facilita inclusión financiera

Escrito por - Rosa María Pastrán-LPG

Varios países de África están a la vanguardia en el uso de celulares como medio de pago. Esta experiencia ha propiciado que organismos como el Banco Mundial vean en la tecnología una herramienta para que la población que nunca ha tenido acceso a servicios bancarios deje la informalidad, haga un mejor uso de sus ingresos y logre el bienestar de su familia.

“Nosotros vemos la tecnología como una forma para aumentar las posibilidades para una inclusión financiera de los sectores de bajos recursos”, afirmó ayer Leslye Denyes, especialista de servicios financieros móviles de la Corporación Financiera Internacional (IFC, en inglés), miembro del grupo del Banco Mundial.

Una de las metas del organismo para los próximos cinco años es crear 600 millones de nuevas cuentas bancarias en el mundo, 200 de estas en América Latina y el Caribe, según explicaron ayer representantes del IFC, es decir que personas que nunca hayan tenido acceso a servicios financieros tengan esta oportunidad.
En América Latina solo un 45 % de la población tiene acceso a servicios financieros, pero casi un 100 % tiene un teléfono celular. El IFC considera que en Latinoamérica aún falta mucho para llegar al nivel de penetración que los servicios financieros móviles han alcanzado en África. En Kenia, por ejemplo, la penetración de estos es de un 70 %.

Liliana Pozzo, especialista del IFC, recalcó que incluir al sector informal en el sistema financiero beneficia a esta población en el sentido de que pueda acceder no solo a una cuenta de ahorros sino a seguros, pensiones, créditos o pago de subsidios.

Para impulsar la inclusión financiera en Centroamérica, el IFC se propone buscar alianzas con gobiernos, instituciones financieras y empresas como Tigo, que ofrece el servicio Tigo Money. “En Centroamérica estamos evaluando cómo asociarnos con Tigo para poder ampliar los productos de billetera electrónica y servicios electrónicos móviles, para dar acceso a servicios financieros a la población”, comentó Eduardo Cuevas, jefe de país para El Salvador y Guatemala de IFC.

Uno de los aspectos que están frenando el desarrollo de los servicios financieros móviles en Latinoamérica es la falta de marcos regulatorios. En El Salvador se presentó en 2014 una ley de inclusión financiera al parlamento, pero esta aún no ha sido aprobada.
En los próximos cinco años, el grupo del Banco Mundial (BM) se ha propuesto la creación de 600,000 nuevas cuentas bancarias en el mundo, de las cuales esperan que 200,000 sean de Latinoamérica, según los representantes de la Corporación Financiera Internacional (IFC, por sus siglas en inglés), miembro del grupo del BM.

La responsable de servicios financieros para el grupo que trabaja con entidades financieras de Latinoamérica y el Caribe, Liliana Pozzo, explicó que para ello, ya se encuentran buscando estrategias conjuntas con las empresas de la región como Tigo, que ya cuentan con experiencias en el sector poblacional sin acceso a servicios financieros formales.

“La idea es llevar esta tecnología, el acceso a una población que vivía en base muy informal, traerla a un sector formal utilizando el teléfono y toda la información que el uso de teléfono puede proveer sobre esa persona”, dijo.

Hoy en día, se estima que solo el 45% de la población de esta región tiene acceso a servicios financieros formales. Por tal razón, existen desafíos importantes en lo que respecta a las regulaciones que promuevan la oferta de este tipo de servicios y las alianzas entre actores estratégicos como la banca y empresas de telecomunicación.

“El Gobierno está encargado del marco regulatorio, entonces debe promover la inclusión financiera a través de un marco regulatorio que tome en cuenta a los diferentes actores”, acotó Pozzo, en el marco de la última jornada del Foro de “Servicios financieros móviles” organizado por Tigo, y que reunió en San Salvador a ejecutivos globales de esta compañía.
Lanzan esperada licitación del Puerto de La Unión

Gabriela Melara

Con la invitación al concurso público internacional inicia el proceso para que la terminal portuaria, que en la actualidad es operada por la entidad autónoma, pase a manos privadas bajo la figura de la concesión.

A partir de hoy, el Gobierno de El Salvador abrió el tan esperado proceso de licitación del Puerto de La Unión, que terminó de ser construido en 2008. Este paso ha demorado casi tres años, desde que se aprobó la Ley de Concesión.

Con la invitación al concurso público internacional inicia el proceso para que la terminal portuaria, que en la actualidad es operada por la entidad autónoma, pase a manos privadas bajo la figura de la concesión.

“El Puerto de la Integración Centroamericana es el proyecto marítimo portuario más importante construido en El Salvador durante los últimos 25 años (...) en Centroamérica se busca ser utilizado como transbordo”, aseguró el mandatario salvadoreño, Salvador Sánchez Cerén, que llegó a la terminal portuaria para recibir las bases de licitación.

“La licitación del Puerto es uno de los logros gubernamentales en estos primeros 100 días de nuestro Gobierno”, agregó.

En la elaboración de las bases y el modelo de contrato participaron la Comisión Ejecutiva Portuaria Autónoma (CEPA) y la Autoridad Marítima Portuaria (AMP). Esta última dio su aval técnico y legal a los textos.

De acuerdo con la ley de concesión, el concesionario tendrá bajo su responsabilidad la administración, equipamiento, operación, mantenimiento, explotación comercial y promoción del puerto de La Unión.
La empresa que resulte ganadora deberá invertir al menos $30mil en los primeros 10 años de la concesión.

A la fecha, ya hay cuatro empresas precalificadas, ellas demostraron contar con un capital no menor a $40 millones y haber manejado 600,00 teus (contenedores de 20 pies) en los últimos tres años, así como haber operado al menos un puerto con volumen mínimo de carga de 300,000 teus en los últimos tres años.

En su discurso, el mandatario aseguró que este lugar será de gran aporte a la zona oriental, porque se estarán abriendo oportunidades laborales. Además, con el nuevo By Pass en San Miguel, que el Ministerio de Obras Públicas ejecutará, será de fácil acceso. Ambas obras, según el presidente, beneficiarán al desarrollo del Oriente, uno de sus objetivos de quinquenio.

Las bases de la licitación fueron entregadas por Nelson Vanegas, presidente de CEPA, al mandatario salvadoreño.

La Información – September 4, 2014

El Salvador lanza licitación internacional para concesión de puerto La Unión

El presidente salvadoreño, Salvador Sánchez Cerén, lanzó hoy la licitación internacional para que empresas precalificadas presenten sus ofertas para administrar el Puerto de la Unión Centroamericana, ubicado en las costas del océano Pacífico del departamento de La Unión (oriente).

"Es gratificante para mí ser parte de un momento histórico, en el que vamos a marcar un punto de partida para ese gran cometido, que es convertir a El Salvador en un centro logístico y de servicios internacionales", dijo el mandatario durante su discurso realizado en el puerto, ubicado 183 kilómetros al sureste de San Salvador.

"Este es el proyecto de infraestructura portuaria más importante para la zona oriental. De hecho, es el proyecto de infraestructura más importante construido en El Salvador durante los últimos 25 años", añadió.

La licitación permitirá elegir al operador internacional que administrará la infraestructura y los servicios asociados, así como el posicionamiento del puerto a nivel internacional, precisó la Casa Presidencial en un comunicado.
El Gobierno anterior, también en manos del Frente Farabundo Martí para la Liberación Nacional (FMLN), inició el 3 de julio de 2013 un proceso de precalificación de las empresas interesadas en participar en la concesión, que hoy fue lanzado oficialmente por Sánchez Cerén.

De momento solo hay cuatro empresas precalificadas para la concesión del puerto, dijo a Efe sin dar más detalles una portavoz de la Comisión Ejecutiva Portuaria Autónoma (CEPA).

La construcción del puerto se inició en 2005, durante el Gobierno de Elías Antonio Saca, y fue edificado por la empresa Toa Corporation-Jan De Nul, de capital japonés y belga, con un préstamo de 107 millones de dólares de Japón y 93 millones aportados por El Salvador.

Fue inaugurado el 21 de junio de 2010 por el expresidente Mauricio Funes.

El puerto está diseñado para recibir buques de hasta 300 metros de longitud y operar 750.000 contenedores por año, cifra que lo convierte en una de las terminales marítimas con mayor capacidad en la región centroamericana.

"A nivel centroamericano, constituye uno de los activos logísticos estratégicos más relevantes de la región", destacó Sánchez Cerén, al remarcar que "su ubicación estratégica en el centro de las rutas de navegación, significa una ventaja en la competitividad de servicios logísticos, industriales y turísticos".

También destacó que "este proceso (de concesión) nos pone en sintonía con el anunció que hicimos los presidentes de Honduras, Nicaragua y El Salvador de crear una zona de paz y desarrollo en el Golfo de Fonseca, donde está ubicado el puerto.

Sánchez Cerén, junto a sus homólogos de Honduras, Juan Orlando Hernández, y de Nicaragua, Daniel Ortega, acordaron, el 25 de agosto en Managua, elaborar un "plan maestro" sobre inversión y desarrollo económico en el Golfo de Fonseca, cuyas aguas comparten los tres, y que en los próximos días será presentado a Estados Unidos.
Le crédit-bail au secours des PME locales

La Société financière internationale (IFC), membre du Groupe de la Banque mondiale, en partenariat avec l’Association professionnelle des Banques d’Haiti, a organisé, ce lundi 19 mai à l’hôtel Montana, un atelier de sensibilisation à l’intention des institutions financières et le secteur public sur les cadres légaux et institutionnels qui régissent les transactions garanties et le crédit-bail.

Le manque d’accès au financement, entre autres, constitue une des contraintes majeures entravant l’essor du secteur privé haïtien. En effet, les institutions financières haïtiennes n’arrivent pas à satisfaire les besoins financiers des micro, petites et moyennes entreprises locales. Estimé à plus de 2, 5 milliards de dollars, ce besoin de financement concerne près de la moitié des micro, petites et moyennes entreprises du marché. Face à ce constat, l’organisation de cet atelier vise, en premier lieu, à promouvoir un système financier plus inclusif en Haïti et, en second lieu, à améliorer l’accès au crédit pour les petites et moyennes entreprises.

Une heure avant l’ouverture de cet atelier, une séance d’information a été prévue pour les médias afin de discuter, avec les quelques journalistes ayant répondu à l’appel, des initiatives qui permettraient d’atteindre cet objectif. Ces derniers ont pu ainsi être renseignés sur le crédit-bail (ou leasing en anglais) ainsi que sur les tenants et aboutissants des transactions garanties et registres de sûretés mobilières. Les échanges ont été vifs et animés, car le sujet n’est pas dénué d’importance. Ce tour de table a aussi permis aux experts de l’IFC de s’enquérir davantage des réalités socio-économiques du pays.

Textes de loi obsolètes, complexes, fragmentés et/ou incompatibles, système de registre inefficace, absence ou utilisation insuffisante de systèmes de financement adossés à des biens meubles, sont autant d’entraves diagnostiquées dans l’effort de développement du crédit-bail en Haïti. Opération de location d’un bien mobilier et immobilier, assortie d’une promesse de vente à l’issue du contrat, le crédit-bail ainsi que les transactions garanties, selon l’IFC, sont deux mécanismes financiers qui peuvent permettre aux petits et moyens entrepreneurs d’accéder au financement plus facilement, leur permettant ainsi d’obtenir le capital nécessaire pour développer leurs entreprises.

« Le leasing n’est pas seulement l’outil de financement idéal pour les PME en Haïti... Il joue un rôle important dans la formalisation de l’économie et le développement du marché financier », a fait savoir...
Liliana Pozzo, chargée d'opérations sénior à IFC, l'un des intervenants à cet atelier. Améliorer l'environnement législatif, développer les capacités entrepreneuriales, mobiliser les investissements, appuyer les associations de crédit-bail constituent, entre autres, les principales composantes du programme que l'IFC souhaite implémenter en Haïti.

Les opérations de crédit-bail sont fondées sur une relation tripartite entre client, fournisseur et crédit bailleur. En plus de réduire l’apport de fonds initiaux, le crédit bail offre un certain nombre d’avantages à ces 3 partenaires: sécurité, accessibilité, disponibilité et flexibilité. En sus de financer tous types d’investissements ou d’équipements, cette technique est souvent la seule source de financement à moyen ou à long terme pour les PME.

Des documents fournis par l’IFC font état d’une première estimation du marché du crédit-bail en Haïti en 2013 d’environ 60,5 millions de dollars américains. Disposant d’un portefeuille pour Haïti qui s’élève à hauteur de 67,9 millions de dollars, l’IFC s’engage aux côtés des PME afin de leur faciliter l’accès au financement et de renforcer leur productivité. L’IFC, la plus importante institution mondiale d’aide au développement dont les activités concernent exclusivement le secteur privé, est présente dans plus de 100 pays où elle mobilise capitaux, expertise et pouvoir d’influence pour contribuer à éliminer l’extrême pauvreté. Au cours de l’exercice 2013, les investissements de l’IFC ont atteint plus de 25 milliards de dollars.

Radio Television Caraibes – May 20, 2014

La Banque mondiale apporte une contribution à Haiti pour le renforcement du crédit dans le pays

Des fonctionnaires de la Banque Mondiale ont annoncé lundi que la Société financière internationale, une institution de la Banque allait apporter une contribution à Haïti dans le cadre du renforcement du crédit dans le pays. Une rencontre entre des experts de la SFI et des responsables d'institutions bancaires et financières a été organisée lundi, a appris Haiti Press Network.

Dans le cadre de ce programme, la SFI va notamment soutenir le développement du crédit-bail (leasing) en Haïti et la modernisation du système de transactions garanties.

"Nous travaillons sur plusieurs axes afin de monter un système de crédit pour accroître l'accès au financement pour permettre la croissance des entreprises qui vont créer des emplois", a déclaré M. Alejandro Alvarez de la SFI.
Les experts de la SFI estiment que la moitié des micro, petites et moyennes entreprises haïtiennes ont des besoins de financement qui ne sont pas satisfaits par les institutions financières.

Les besoins de financement sont estimés à plus de 2,5 milliards de dollars.

En vue d'augmenter l'accès au crédit aux PME, la SFI encourage et conseille les autorités haïtiennes sur un cadre juridique en vue de favoriser le développement du crédit.

"un système de transactions garanties, moderne et un marché du crédit-bail robuste permettront d'accélérer le progrès menant à l'inclusion financière en Haïti", a soutenu un consultant de la SFI.

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$^{12}$ Denotes absence of contracts with the Spanish firms
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## Annex 3 – SFLAC Grants Results Stories

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<thead>
<tr>
<th>Country</th>
<th>TF Number</th>
<th>Theme</th>
<th>Title</th>
<th>Amount (US$)</th>
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<tr>
<td>Panama</td>
<td>TF015368</td>
<td>Transport</td>
<td>Implementation of Panama Maritime and Logistics Strategy – Phase II</td>
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<td>Peru, Colombia</td>
<td>TF018935</td>
<td>Transport</td>
<td>Sustainable Urban Transport in Latin American Megacities: Technical assistance for project structuring and integration for the Lima and Bogotá Metro Projects</td>
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<td>Central America and Dominican Republic</td>
<td>TF016023</td>
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<td>Brazil</td>
<td>TF096763</td>
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<td>Dominican Republic</td>
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<td>Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for the Preparation of the CARCIP Program</td>
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Grant Name and ID: Implementation of Panama Maritime and Logistics Strategy – Phase 2 – Air Cargo (TF015368)

Country: Panama

Topic: Transportation; Public Sector Governance; Trade and Integration

Grant Amount: $500,000

Synopsis

As a result of this Technical Assistance (TA), a detailed action plan and strategy were prepared and delivered to the government of Panama. The action plan presents sequenced and prioritized actions necessary to ramp-up seven niche sectors that will boost Air Cargo in Panama. Recommendations on institutional strengthening and infrastructure development actions were showcased and their potential impact analyzed. In addition to an implementation schedule, the strategy contains an estimated budget for each of the necessary actions, and identified the key institution as responsible for each action.

Challenge

The government of Panama recognized the need to improve the logistics infrastructure in the country. It has already invested considerably in new air cargo infrastructure at Tocumen, the reconstruction of the airport in Colon, and is currently preparing the airport of Balboa Panama Pacifico to develop air cargo operations.

Nevertheless, it is apparent that these initiatives are made without a clear long-term logistics strategy. The Panamanian economy is largely based on maritime trade and transport, and increasingly on air transport cargo and passenger, thus an integrated logistics strategy is needed to assure investments, policies and regulations that maximize economic potential of the country’s primary assets. This means leveraging the existing traffic of the Canal and the increased traffic projected after its expansion. It is also necessary to make the best use of the transshipment facilities of the Pacific and Atlantic Coasts, the logistics industry built around the Canal and these facilities, the Free Trade Zones of Colon and Howard, the reverted lands of the former US bases around the Canal, the recent expansion of the Tocumen International airport and further strengthening and increase in destinations of the local COPA airline that are turning Panama’s into an air transport hub of the Americas, as well as the local trade potential of the country and Central America.

By direct suggestion of the Ministry of Industries and Commerce (MICI), Phase II will be taking a broader approach on the logistics agenda, going beyond the maritime and ports sector and focusing more on the development of the air cargo sector as an essential part of the entire logistical package the country can offer. This focus is after recognizing that all previous plans and logistics strategies developed (including the National Maritime Strategy) did not include this important sector which is of priority to the government.
A major potential challenge during the implementation of this grant is the coordination of the logistics sector which includes several governmental institutions and private and public stakeholders. A second potential challenge was the changes in government, which took place in July 2014.

Solution

The grant aims to assist the MICI and the Panamanian government Logistics Cabinet (led by the MICI) in the preparation of a detailed, prioritized and sequenced Logistics Action Plan (LAP) with special emphasis on the air cargo sector development. The action plan will promote the overall Panama multimodal logistics hub development through institutional strengthening on the national and local levels, and taking advantage of the ongoing investments in airport infrastructure lead by the government. This will generate spillover effects for the economic and social development, and employment opportunities in an efficient logistics sector. The LAP, as a 5-year roadmap, will specify short and medium-term institutional/policy and infrastructure investment actions, with a consolidated implementation schedule with cost estimates, identifying potential financing sources for its implementation, including potential PPP schemes.

Referring to the potential implementation challenges listed above, the Bank envisages the importance of establishing a dialogue between the public and private sectors and government institutions. The dialogue was successfully established during the phase I of this TA and continued during the phase II. Additionally, a key government official has provided great support in fostering the dialog among the key stakeholders and helping to overcome this potential challenge. Regarding the second possible challenge, all major activities were finalized before the elections, and a dissemination workshop presenting the strategy and final results took place in October 2014, with one session dedicated exclusively to presenting the strategy to the new members of the government.

Results

The preliminary approach to the Panama Air Logistics Strategy was presented during the meeting of the Logistics Cabinet in January 2014. The consultants, Spanish consulting company Advanced Logistics Group (ALG), conducted interviews with key stakeholders (public and private) involved in air cargo logistics.

Following this initial assessment and fieldwork, a strategic workshop took place in March 20th 2014 with members of the Public and Private sector to validate the findings and agree on the commercial sectors where the strategy should focus. The results were presented at a sector-wide workshop, the Panama Logistics Summit, in March 2014, in which all major logistics companies and public sector cabinets participated.

A strategic workshop with final results took place in June 2014. The strategic workshop served as the validating mechanism of the actions included in the final Action Plan. After a general presentation of the status and agreed objectives, senior representatives of key institutions, both public and private, took
part in roundtable discussions in order to accept, reject, or modify the proposed actions for each of the niche segments selected to be developed within the strategy.

The final document was revised and adapted accordingly, and was formally delivered and presented to the government of Panama on June 25th 2014. Given that elections occurred and that the government changed, a dissemination workshop presenting the strategy and final results took place in October 2014, with one session dedicated exclusively to presenting the strategy to the new members of the government (public sector), and one session to the private sector.

Having a detailed work plan and a "champion" lead from our counterpart was key in successfully completing in time all of the activities under this TA grant. The support from the Spanish Economic and Commercial Office helped the team with the successful completion of the dissemination workshops (June and October) as well as the link with new members of the government.

**Bank Group Contribution**

The Bank team was actively involved in the grant activities at all times. The reports produced by the consultants were closely supervised by the implementation team. The team leader had a detailed schedule of activities and deadlines, which the Bank team monitored and made sure that all involved were complying with. Coordination between the country office and the LAC Transport team helped with the successful completion of this grant. An additional contribution to was the strengthening of the relations between the public institutions and provide sector creating credibility of the stakeholders in the logistics sector.

**Partners**

The Inter-American Development Bank and the Development Bank of Latin America (CAF) are providing support to the Panamanian government in the logistic agenda and facilitation of trade and logistics, which complements the WBG’s work.

**Moving Forward**

A decree revamping the Logistics Cabinet and locating it directly under the Ministry of the Presidency re-confirms the commitment of the Panamanian government to improve efficiency in the logistics sector and placing Panama as a major logistics hub in the region.

**Beneficiaries**

The main beneficiary is the country as a whole. Logistics sector plays a key role in growth and direct impact on the economic well-being via employment generation.

**Multimedia**

All the materials presented and delivered to the government of Panama are available at:
Grant Name and ID:  Sustainable Urban Transport in Latin American Megacities: Technical assistance for project structuring and integration for the Lima and Bogotá Metro Projects (TF018935)

Country:  Peru, Colombia

Topic:  Transportation; Urban Development; Social Development, Gender and Inclusion

Grant Amount:  $500,000

Synopsis

This grant supports various technical assistance activities aimed at ensuring the sustainability of major urban mass transit megaprojects (metros) in rapidly growing and highly populated metropolitan areas in Latin America: Bogotá, Colombia and Lima, Peru. The Line 1 project in Bogotá and Line 2 project in Lima are the first of their kind in Colombia and Peru and will require significant preparation and management capacity in a variety of highly specialized technical areas, including underground construction, urban planning, transport operations, physical and fare integration, citizen engagement, environmental and social management.

Approved in November 2014, the grant has so far supported the following activities related to the preparation and structuring of the Lima Metro Line 2 project:

(i) Coordination and technical support for the finalization of key project structuring documents, including the Manual of Operations (MOP) for financiers and the environmental and social assessment documents;
(ii) Preparation of a citizen engagement strategy;
(iii) Conceptualization of a pilot project for improving the intermodal connections and accessibility to key stations in the eastern part of the section of line 2 (Ate-Vitarte and Santa Anita stations) and fostering quality public open spaces and enhancing the living conditions in their surroundings with an orientation towards mass transit.

Challenge

As urbanization continues, Lima and Bogotá are facing important development challenges and constraints to achieving sustained and inclusive growth. Sustainable urban development is key for further reducing poverty and boosting productivity, including infrastructure investments aimed at providing greater access to employment opportunities, basic services, and improved environmental
protection. Spatial development patterns and inadequate transport services are hampering the productivity of these cities, particularly affecting the poor. Although these two cities have common challenges, they also have different constraints, which are elaborated below.

The projects in Lima and Bogotá have the potential to significantly transform the mobility, economy and finances of these cities. In both cases, the projects have both local and national government support, but the success of each line and the future sustainability of the urban transport system will depend heavily on the level of integration and coordination between several public agencies at the national and subnational levels, as well as current and future private operators coordination to provide quality public transport services. Therefore, the main pillars of the activities already being financed and that will be financed with the grant are physical, tariff, operational, financial and institutional/administrative integration, which are topics where the government has very limited experience, capacity and no dedicated resources to address.

**LIMA**

Current urban mobility trends in the Lima Metropolitan Region (LMR) are not sustainable in part because the public transport network is very limited or of poor quality. The LMR is growing rapidly and its major transport corridors generally exhibit slower travel speeds and higher traffic accident rates relative to peers. Part of the problem is a very limited mass transit network – the *Metropolitano* Bus Rapid Transit (BRT) and *Tren Electrico* (as Line 1 of the Metro system is known) carry about a million trips a day but that accounts for only 5% of the 22.3 million daily trips (including trips in private modes and by foot). Most public transport in the LMR consists of the conventional bus system (serving about 50% of trips), which is made up of largely unregulated, low-capacity vehicles that compete for customers on the street. There are approximately 31,000 buses, microbuses, vans and *combis* operating in Lima and Callao (most of them 15 to 20 years of age) on more than 560 routes that lack public transport facilities such as bus lanes, terminals or proper stops. These vehicles share the road with an increasing number of private cars, taxis and moto taxis that now account for 23% of total trips; seen as a much superior alternative by those who have a choice. As a result, the vast majority of urban roads have high levels of traffic congestion and low travel speeds; and traffic is a significant source of lost productive time, pollution, as well as fatalities and economic loss related to road accidents.

Strengthening the mass transit network and related policies is essential to allow the LMR to realize its economic potential in a socially inclusive manner. Investments in mass transit at the metropolitan level need to be complemented by institutional reforms and policies that involve multiple jurisdictions and entities at the national and local levels.

In December 2010, with the aim of expanding mass transit provision, the government approved a Metro Network Plan for Greater Lima and Callao by Supreme Decree (D.S. N°059-2010-MTC). This Plan includes Metro Line 1 and five new Metro lines totaling 168 km. Following the results of a pre-feasibility study, the government approved a new subway line consisting of the full 27.3-km of Line 2 and a 7.7-km segment of Line 4 as the top urban transport priority. The selected alignment for Line 2 runs from the district of Ate-Vitarte in the extreme east of the LMR to the maritime port of Callao in the extreme west.
and the selected Line 4 segment consists of the northern branch that links Line 2 to the international airport and beyond in the Province of Callao (known collectively as the Metro Line 2 Project). Metro Line 2 will intersect Metro Line 1, Metropolitano BRT, and future Metro Lines 3 and 6, with an opportunity to ensure physical, operational and tariff integration in a multimodal transit system. Metro Lines 3 and 4 are expected to be awarded before July 2016.

The Metro Line 2 Project is part of a Metropolitan Transport Strategy to be developed by the government of Peru and to include complementary investments and institutional reforms for the LMR. With the implementation of Metro Line 2, the MTC is seeking a more coordinated approach to the currently fragmented institutional framework for urban mobility in the LMR. In March 2014, the Project was awarded to the Consortium “Consortio Nuevo Metro de Lima”, formed by the companies: Cosapi S.A., Salini Impregilo S.p.A, Iridium Concesiones de Infraestructura S.A., Vialia Sociedad Gestora de Concesiones de Infraestructura S.L, Ansaldo Breda SpA. and Ansaldo STS SpA. As of today some construction work has started. The first 5km of Line 2 (Phase 1A) is expected to be completed and operational by 2016.

**BOGOTA**

More than 50% of Colombia’s GDP growth in the last four decades can be attributed to the economic growth in the urban sector. Cities have also contributed to poverty reduction, and data on poverty rates at the department (Departamento) level in Colombia show a negative relationship between poverty and urbanization.¹² Hence, given the importance of cities to the national economy and social fabric, cities have taken important steps over the past decade to improve mobility and gradually replace a traditionally sub-optimal public transit system that constraints their competitiveness and productivity.

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Bogotá, Colombia’s capital with a population of more than 8 million and responsible for more than 25% of the country’s economic activity, embarked in 1998 on a radical and innovative program to improve the quality of public transit services by implementing the Transmilenio Bus Rapid Transit (BRT) system which significantly upgraded the quality of public transport offerings available to trip makers.\textsuperscript{13} However, increased motorization\textsuperscript{14} and congestion in Bogotá are hindering the city’s competitiveness and productivity, and could result in a complete shift in the city’s modal split by 2040, away from public transit and in favor of the use of private cars (currently public transit represents 53% of the modal split, while private cars represent 22%).\textsuperscript{15} Against this backdrop, the city administration has prioritized two projects to improve mobility conditions in the short and medium-term: the first one is the full integration of public transit system (named Sistema Integrado de Transporte Publico—SITP), namely the integration between the existing BRT network and the traditional bus system, and second, the construction of Bogotá’s first Metro Line, which will also be conceived as the first rail component to be integrated (in terms of tariff, operations, and infrastructure components) to the SITP in the future.

In May 2013, the government of Bogotá awarded the contract to undertake the detailed engineering design studies for Bogotá’s first Metro Line, a 26 km underground metro line (the “Bogotá Metro Project”) to the Colombian-Spanish Consortium L1 (IDOM, Euroestudios and Cano Jimenez). The detailed designs are already finalized. The government of Bogotá and the National government have agreed to finance jointly the construction of the metro, and now the government is working on the project structuring. Bogotá’s first metro line would be part of the city’s Integrated Public Transit System, which is a multimodal system that envisions fully operational infrastructure and fare/tariff integration that include Transmilenio, complementary feeder and zonal buses, and a 360 km network of bicycle lanes and pedestrian ways.

**Solution**

In this early stage of the grant, the undertaken work has focused on Lima as its Metro Project is in a more advanced stage. Most important interventions are:

i. **Technical support for project structuring:** In projects of this magnitude, there are many actors involved including several government layers, stakeholders and various financiers, among others. All the actors need to interact in an organized manner in order to achieve the project objectives. The grant is supporting the technical reviews of an Operational Manual that will guide the interactions among the actors involved in the Lima project.

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\textsuperscript{13} To date Transmilenio carries 1.7mln trips per day, or 28% of bus trips in the city, on an 84-km trunk network, and is currently implementing the third stage or phase of its network. According to the latest data, riding Transmilenio results in average time savings of 32% (20 minutes) per trip vis-à-vis the traditional bus system, more than 10 hours/month for the average rider. Furthermore, Transmilenio has been able to abate 0.25 Mt CO2e per year; scrapped more than 2,100 old buses; decreased accident rates by 90% in the corridors where the system operates; and reduced noise levels by 3-10 decibels.

\textsuperscript{14} Bogotá’s vehicle fleet dramatically increased by 105% in the 2002-2010 period, and stood at 1.3 million vehicles in 2010.

\textsuperscript{15} Presentation made by Grupo de Estudios en Sostenibilidad Urbana y Regional. Universidad de los Andes. August, 2011.
This grant has supported a technical review of the Environmental and Social Impact Assessment (ESIA) and facilitated its public disclosure and dissemination leveraging on the World Bank’s convening power. With the grant resources, consultants have been hired for reviewing documents and providing on-call advice on specific issues.

ii. **Citizen Engagement:** The grant has funded a citizen engagement assessment, including the analysis of the following issues: social actors, citizen participation and oversight, public information and communication, and grievance resolution and complaints mechanisms. This activity has included a series of workshops in Lima involving all Metro Line 2 project stakeholders at the national and local levels.

iii. **Intermodal integration and Transit Oriented Development (TOD) Pilot:** The grant is supporting the assessment of urban transformation potential through enhancement of integration and local accessibility standards for the Line 2. It will focus on potential transformation of the built environment of surrounding neighborhoods if complementary investments are carried out, with particular emphasis on the easternmost corridor segment of Line 2, from Santa Clara (an eastern neighborhood of Ate District) to Ate end station and Santa Anita intermediate station at the east end of Line 2.

Generally, low-income neighborhoods in the periphery districts, such as Ate and Santa Anita, are not characterized by mixed-use development and have a low job-housing balance. They also lack adequate local access to other urban amenities associated to livable and vibrant neighborhoods, such as high-quality public open (green) spaces and facilities for education, health and commerce. This pilot project of TOD for Metro Line 2 should also inform a broader proposal for an Integration and Accessibility Plan for Metro Line 2 that should include infrastructure works, goods and services that go beyond the scope of the Metro Line 2 concession contract.
The objective of the work is to develop a connectivity (multimodal) solution, by analyzing various alternatives, for the easternmost corridor segment of Line 2 fostering quality public open spaces and enhancing the living conditions. With this grant support the consultants that will carry out this analysis are being hired and several conversations and discussions have been held with the local governments in order to know the current situation, fostering the expected results.

Photo – ATE district where the Lima Metro Line 2 Project will have great impact, multimodal transit solutions have to be analyzed in order to preserve and foster open public spaces - Own Source – ATE, Lima Metropolitan Region, Peru. Intermodal integration and Transit Oriented Development (TOD) Pilot

Results

i. Technical support for project structuring: Elaboration and public disclosure of project key documents such as the Environmental and Social Impact Assessment and the Operation Manual. Consultants have been available for reviewing documents and providing on-call advice on specific issues.

ii. Citizen Engagement: Identification of stakeholders and elaboration of citizen engagement strategy.

iii. Intermodal integration and Transit Oriented Development (TOD): Pilot hiring of consultants and definition of scope of work for the assessment of urban transformation potential through enhancement of integration and local accessibility standards for the Lima Metro line 2 - Ate and Santa Anita stations. This assessment will develop a connectivity (multimodal) solution, by analyzing various alternatives, for the easternmost corridor segment of Line 2 fostering quality public open spaces and enhancing the living conditions.

Photo – River margin at ATE, an open green public space project is analyzed, including the river margin recovery and it’s integration with an integrated urban solution associated to the
arrival of mass transit service in the area – ATE, Lima Metropolitan Region, Peru. Intermodal integration and Transit Oriented Development (TOD) Pilot.
**Bank Group Contribution**

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<th>Lima</th>
<th>Bogotá</th>
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<td>• PPIAF Grant to strengthen contract management capacity and improve policy coordination between national and local government: USD 200,000</td>
<td>• PPIAF grant for the evaluation of procurement and financing options for the metro project: USD 250,000</td>
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<td>• Bank loan to fund the development of the Project: USD 300 million, to be approved in July 2015</td>
<td>• Financing of Basic engineering studies under the Bogotá Urban Services Project: USD 35 million</td>
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**Partners**

As typical for this kind of infrastructure mega-projects, there are several layers of governments and stakeholders involved. The Bank with its convening power and with the support of this grant and other donor-funded technical assistance activities has been able to bring together and foster coordination and communication between the numerous actors involved in this Metro’s projects:

**LIMA**

- AATE: Autoridad Autónoma del Sistema Eléctrico de Transporte Masivo de Lima y el Callao. Belongs to MTC and acts as an implementing technical agency Line 2 leading expropriations, resettlement and resolving obstacles.
- MTC: Ministerio de Transportes y Comunicaciones
- OSITRAN: Organismo Supervisor de Inversiones en Transporte. Institution responsible for supervising the execution of the project.
- PROINVERSION: Investment promotion agency that structured the Project and is also in charge of Line 3 and Line 4 structuring and tender process.
- Local governments – municipalities
- Civil society organizations
- “Consorcio Nuevo Metro de Lima”: Private consortium that will build and operate Lima Metro Line 2 Project.
  - PPIAF: TF supporting Metro Lima Line 2 Project, through capacity building and assessments.
- Inter-American Development Bank (IADB) and Development Bank of Latin America (CAF)

**BOGOTÁ**

- FDN: Financiera de Desarrollo Nacional. It is in charge of the Project structuring
- DNP: Departamento Nacional de Planeación (National government)
- IDU: Instituto de Desarrollo Urbano (Local government)
- EEB: Empresa de Energía de Bogotá (Local government)
- Secretaría de Hacienda de Bogotá (Local government)
- PPIAF: TF supporting Metro Lima Line 2 Project, through capacity building and assessments.
- Inter-American Development Bank (IADB) and Development Bank of Latin America (CAF)
Beneficiaries

The beneficiaries of these activities will be the beneficiaries of the Lima Line 2 Metro project. Project which would serve 13 districts along a critical East-West corridor from Ate-Vitarte to Callao, including the maritime port and international airport; impacting 13 districts. As well as those beneficiaries of Bogotá Metro Project, with 11 localities impacted (55% of the city).
Grant Name and ID: Consolidation, Improvement and Expansion of the Rural Water and Sanitation Information System (SIASAR) (TF016023)

Country: Central America and Dominican Republic

Topic: Water, Sanitation, and Flood Protection; Rural Development; Public Sector Governance

Grant Amount: $400,000

Synopsis

Grant financed activities towards consolidating and expanding the Rural Water and Sanitation Information System (SIASAR) are contributing to laying the ground for further informed sector policy formulations, investments and technical assistance provision planning. Over 9,500 communities from the Dominican Republic, Honduras, Nicaragua, and Panama have information entered into the system. For the latter three countries, the tool is fully institutionalized and the governments have already developed national and municipal water and sanitation sector plans based on the collected data and indicators generated by the system. SIASAR has been officially adopted as a harmonized regional information system to manage rural water and sanitation in the Central American and Dominican Republic Forum for Water and Sanitation (FOCARD-APS) countries. There are three new additions to the initiative: Dominican Republic joined SIASAR in 2013, and Costa Rica and the Mexican State of Oaxaca, in April and July, 2014, respectively. In addition, other countries and states, such as Guatemala, Peru, and the Brazilian State of Ceará have shown strong interest in joining SIASAR.

Challenge

Sustainable water and sanitation (WSS) systems are relatively limited in the Latin America and Caribbean region, particularly in Central America. Public investment in the sector has generally been biased toward new infrastructure investments with little consideration of the costs of long-term operations and maintenance, or the local or municipal service providers’ capacity to sustainably deliver water and sanitation services. The portion of the population with access to improved drinking water sources and improved sanitation facilities in Central America is especially low in rural areas, averaging 82% and 63% respectively, compared with 97% and 87% for urban areas (JMP 2012). To address these gaps, most countries in the region need to improve the use of funds in the rural WSS sector through better and more efficient priority setting, policy creation, project planning, and budget allocation.

This situation is compounded by the lack of accurate, up-to-date and comprehensive information on the status of WSS provision in the region. Policymakers, national planners and sector professionals have little information to determine where needs lie and what priorities should guide sector policies and interventions. As a result, these are often biased in favor of infrastructure investments, without much consideration to the sustainability of the service providers who manage the physical water systems, or
the quality and coverage of the water service. The need for a comprehensive platform for managing the rural WSS sector has been expressed by a number of countries, donors and water institutions in the region.

**Solution**

Since 2011, in response to the demands from Honduras, Nicaragua and Panama for systematic and reliable information, various international agencies led by the World Bank Water Global Practice and its Water and Sanitation Program (WSP) have worked in close collaboration with the governments of these three countries to develop an ICT-based monitoring and decision-making tool for rural WSS in Central America, so-called “**Rural WSS Information System (SIASAR)**”. Initial activities for designing and piloting the tool, including developing the conceptual model, developing and programming the web platform, and coordinating and supervising activities in all countries, were supported by the World Bank through resources from several ongoing and proposed projects and through funding gathered from the Water Partnership Program (WPP) and the Water and Sanitation Program (WSP). The Bank’s convening power also allowed for harnessing the technical knowledge and scalability support from other sector donors and strategic partners.

SIASAR was developed to give a variety of actors in the WSS sector (ranging from municipal WSS staff to national decision-makers) access to regularly updated and comprehensive information on the quality, coverage and sustainability of WSS services in their rural areas. The overarching goal of this initiative is to improve the use of funds in the rural WSS sector, by allowing countries to better identify needs and to target future investment more effectively, thereby improving resource allocations in the rural WSS sector of the participating countries and enhancing the sustainability and quality of service provision.

The SIASAR system was launched in July 2012 in Honduras, Nicaragua and Panama where the system is fully operational and has achieved a high degree of country ownership and support. In the second phase, this grant has the objective of supporting the consolidation and expansion of this initiative, aiming at turning SIASAR into a regional standard for sector planning, in which collected data is useful and ready to inform operational, investment and policy decisions. Building on a technical review of the system undertaken by a consulting firm during the development phase, this grant seeks to assist participating countries in implementing the recommendations arising from the assessment to improve SIASAR and make it more effective. It also supports the expansion of the system to additional countries, thus enhancing its credibility, viability and usability.

**Results**

- Over 9,500 rural communities from four countries (Dominican Republic, Honduras, Nicaragua, and Panama) have data entered in the system, corresponding to 25% of the 37,600 rural communities existing in those countries.

- Honduras, Nicaragua, and Panama are developing national and municipal WSS plans based in SIASAR data and indicators.
On April 1\textsuperscript{st}, 2014, the Central American and Dominican Republic Forum for Water and Sanitation (FOCARD-APS), composed of the institutions governing the WSS sector in each country, adopted SIASAR as a harmonized regional information system to manage the rural water and sanitation in member countries. This was realized through the signing of a Regional Agreement and the Bylaws by the heads of the WSS sector from six FOCARD-APS countries in Panama City.

SIASAR has been customized and implemented in a new country: the Dominican Republic, which joined the initiative in 2013. The system is currently up and running and information is being used.

Two new members joined initiative: Costa Rica and the Mexican State of Oaxaca in April and July, 2014 respectively. In Costa Rica, pilot tests are being developed and data collection is expected to commence during the second half of 2015. For the affiliation of the State of Oaxaca, SIASAR’s Bylaws were adjusted to allow for the membership of sub-national entities. The roadmap for the implementation of the system in the State has been developed and the kick-off mission to start data collection is scheduled for April 2015.

There is strong interest in joining the initiative by other countries and states, such as Guatemala, Peru, and the Brazilian State of Ceará.

### Bank Group Contribution

The SIASAR initiative is a key component of five World Bank lending operations in the Latin America and the Caribbean region:

- Water Supply and Sanitation in Low-Income Communities Project in Panama (US$32 million loan);
- Rural WSS Project in Nicaragua (US$20 million IDA credit);
- Nicaragua Rural WSS Sustainable Sector Project (US$30 million IDA Credit);
- Rural Infrastructure Project (PIR) in Honduras (US$47 million IDA credit);
- Oaxaca Water and Sanitation Sector Modernization Operation in the State of Oaxaca, Mexico (US$55 million loan).

### Partners

The SIASAR initiative has been developed in a very collaborative manner based on the work of local technicians and resources and technical experiences from various countries and regional agencies:

In Panama, Nicaragua and Honduras, the sector institutions responsible for rural WSS in each country, namely: the Ministry of Health (MINSA) in Panama, the Emergency Social Investment Fund (FISE) in Nicaragua, and the National Autonomous Water and Sewerage Service (SANAA) in Honduras, have actively contributed to the SIASAR development through technical and programming teams that are fully integrated into the government staff.
The FOCARD-APS is coordinating the regional efforts of participating countries and the application of the Regional Agreement. Each year, one of the participating governments is assigned as regional coordinator on a pro tempore basis to organize and set the agenda for the SIASAR meetings, upgrades and reviews.

Local NGOs, partner donors including the Inter-American Development Bank (IDB), the Swiss Cooperation (COSUDE), the Spanish Agency for International Cooperation (AECID) and UNICEF, strategic partners such as the Polytechnic University of Catalonia (UPC), as well as other countries in the region (such as Guatemala or Peru) have shown great interest in the initiative and regularly contribute to regional knowledge-sharing events and technical discussions. Additionally, non-governmental actors, whose work in the sector is widely recognized and respected (particularly Water for People, Catholic Relief Services, and International Water and Sanitation Center), have actively approached the Bank team to explore opportunities for joint engagement.

Moving Forward

Activities supported by this grant regarding the information system improvement and the technical assistance to member countries for the use of SIASAR for sector policy formulation purposes should contribute to the institutionalization of the tool as part of countries’ sector planning, thereby ensuring the functional and financial sustainability of the system beyond external funding.

The likelihood of the system being maintained and used by the participating countries in the absence of donor support is already relatively high, as Nicaragua, Panama and Honduras (the first 3 countries where SIASAR was piloted) have all a high degree of ownership, and have advanced in the data collection process with own funds over the past year. These additional measures to improve and expand the system would help to further anchor it within national and local decision-making processes.

Beneficiaries

Since the SIASAR was rolled out in July 2012, participating countries have made significant progress in institutionalizing the system at national level, piloting the system, collecting data, and using the data for planning purposes and decision-making processes. From the beginning, all of them have been open and enthusiastic about publishing their rural water and sanitation indicators and performance rankings in the system. Over 9,500 communities have already had data entered in the system, out of which more than 7000 are in Nicaragua, around 1600 are in Honduras, and the split between Panama and the Dominican Republic. Users are providing ongoing feedback to the country programmers. All participating countries are also developing domestic institutional setups embedded within the existing institutions to ensure the continued operation and updating of this decision making tool. In addition, there are a number of national initiatives in place of policy and planning tools based on SIASAR data: in Honduras, the FHIS investment targeting mechanism and three municipal plans; in Nicaragua, the Climate Change and Sustainability studies and the National RWSS Plan; and in Panama, the National Strategic Plan for RWSS.

Multimedia
• SIASAR website: www.siasar.org
• SIASAR Photos: https://www.dropbox.com/sh/fhbmzaq27pwldre/DjTOgxVvk_
Grant Name and ID: Water in Northeast Brazil: Enhancing the Productive Use of Water: Drought Preparedness and Climate Resilience in Northeast Brazil (TF096763)

Country: Brazil

Topic: Water, Sanitation, and Flood Protection; Agriculture, Fishing, and Forestry; Environment and Natural Resources Management

Grant Amount: $750,000 (total with additional financing)

Synopsis

The Program has thus far achieved several noteworthy outputs and outcomes, including:

- Northeast Drought Monitor, including improved institutional collaboration and agreements (benefiting the stakeholders affected by drought in the nine Northeast states and those tasked with managing drought in the region; primarily state and federal meteorological, hydrological, and agricultural secretaries/administrations).
- Five operational drought preparedness plans and improved institutional collaboration and agreements within three different contexts/sectors; urban water supply, river basin planning and small multi-purpose reservoir management, and rainfed smallholder agriculture (benefiting various communities at the municipal, city, and river basin scale across three states in Northeast Brazil).
- Drought policy framework and architecture (benefiting federal and state agencies involved with integrating drought planning and management).
- Two study tours with water managers from Brazil; one to the Western US, September 2013, and one to Spain, September 2014 (benefiting federal and state agencies involved with integrating drought planning and management).

Challenge

Brazil has a long history addressing the semi-arid conditions of the Northeast, which is characterized by a long, almost rainless, dry season of several months. The World Bank’s third and most recent report that analyses climate change impacts associated with 2°C and 4°C future warming, the “Turn Down the Heat Report”, indicates that climate change is projected to significantly impact the Latin America and Caribbean Region. In areas that already experience droughts, drying conditions are anticipated to increase by more than 20%. Such increases, along with higher mean temperatures, are projected to negatively impact water supplies, ecosystems, and agricultural production due to increased evapotranspiration. Specifically in Brazil, even 2°C warming could reduce crop yields by 50% for wheat and by 70% for soybeans. Higher drought risks will also increase the likelihood and severity of forest fires, forest degradation, and ecosystem services losses. Combined, the increasing droughts and extreme temperatures are projected to lead to more cattle deaths, crop yield declines, and water
availability stress and insecurity. Furthermore, the Report suggests a possible increase in localized famines among remote indigenous communities as well as water-related health problems for drying regions like Northeast Brazil.

The people of Northeast Brazil have managed over the years to cope with these harsh semi-arid climatic conditions, including through the introduction of water infrastructure projects and the advent of institutions responsible for planning the socioeconomic development of the region. The improvements in supply expansion to address water needs and support to farmers have helped the region progress over the past decades. However, when extreme droughts hit the Northeast, the structural solutions, while necessary, are many times insufficient to withstand these multi-year periods of below average rainfall.

The extreme drought that has plagued Northeast Brazil since 2010 has revealed how vulnerable the region remains when rainfall and natural water availability are below average for several consecutive years (most severely from 2012 and continuing up to present day). The impacts of prolonged droughts are often concentrated on the rural poor communities living in the semi-arid. Ultimately, these impacts threaten the considerable gains in terms of economic, social, and human development that the region has experienced in the past several decades and place many communities at risk of slipping back into extreme poverty.

When prolonged periods of drought occur, Brazil (like many nations) has invested primarily in emergency actions to mitigate the economic losses in drought-stricken areas. Without a specific set of scientifically informed indicators or criteria on which to base the declaration, not only is drought management reactive to the emergency situation occurring on the ground, subsequent relief measures are often slow, inefficiently targeted, and subject to political capture and corruption. Thus, bringing more objectivity into the declaration process, and enhance communication capacity to society about the spatial and temporal evolution of the drought intensity is a priority for agencies in Brazil, particularly the Ministry of National Integration (MI).

It is well understood that effective institutions and governance play an important role in reducing these vulnerabilities to climate change and extreme droughts. Specifically, there is a need for strong, inclusive, and collaborative institutions that are capable of planning and implementing policies and programs. Moreover, there is a need to shift the paradigm from reactive drought management to proactive drought preparedness.

**Solution**

This program tackled the abovementioned challenges by developing an Non-lending Technical Assistance (NLTA)/Economic Sector Work (ESW) program to help the MI and other federal and state agencies in Brazil develop and institutionalize proactive approaches to drought events (both at the national level and more specifically in the Northeast region). The support combined the Bank’s convening power, knowledge, and analytical work to developing tools, frameworks, processes, and exchange platforms.
Specifically, the Bank team utilized co-financing, including critical resources from the SFLAC grant, to design a program that would: (i) help make an ‘institutional upgrade’ through structuring and facilitating a more permanent institutional approach and response to drought, and improving integration within and between federal and state institutions and (ii) help make a ‘technical upgrade’ through developing concrete drought monitoring tools and preparedness plans/protocols.

In pursuing proactive risk-based preparedness approaches for managing droughts, MI recognized that the emphasis should shift from ad hoc drought relief and response to proactive risk management. Systematically building drought preparedness policies and approaches across scales of decision making will ultimately increase resilience and adaptive capacity of water systems, and help reduce economic losses and costs associated with more reactive disaster response and recovery.

**Results**

The Program was designed as two mutually reinforcing tracks. *Track 1*, or the ‘Drought Policy Track’, sought to support a national/regional and state dialogue and framework on national drought preparedness policy. *Track 2*, or the ‘Northeast Pilot Track’, endeavored to implement a Northeast Brazil regional pilot program to demonstrate tangible tools and strategies for proactive drought management through the design and development of both a Northeast Drought Monitor (the Monitor) and network and operational drought preparedness plans across selected case studies. Drought preparedness plans (also called contingency plans) define the types of actions to be taken for the different stages or intensities of drought (i.e. from the first signals of drought to extreme and exceptional droughts), as well as the initiation and termination conditions for each stage. The case studies (ultimately numbering five) were developed through dialogue and requests among different sectors and at different scales of decision making, which included: two urban water utility case studies in the Fortaleza Metropolitan Region and the Agreste Region of Ceará and Pernambuco, respectively; two cases associated with the Piranhas-Açu River Basin that is shared with Paraíba and Rio Grande do Norte – a basin-wide drought preparedness plan and a plan for a small water storage reservoir (*acude*) for multiple uses (i.e., potable water versus irrigation), the Cruzeta; and a plan for rainfed agriculture at the level of a municipality in central Ceará, Piquet Carneiro.

The results chain for the Program is depicted below, in relation to the three main outcome areas, as situated within these two program tracks.
The main results thus far identified along these three outcome areas are:

**Outcome Area 1**: A major step towards the institutionalization of a paradigm shift is the Technical Cooperation Agreement (MoU) signed in September, 2014, between the MI, FUNCEME (Fundação Cearense de Meteorologia e Recursos Hídricos) and ANA (Agência Nacional de Águas) around the federal support for the Drought Monitor, valid until December, 2015. This MoU defines an institutional arrangement for the drought monitor and an operational structure, and transition rules, with ANA assuming a key-role (Central Institution) in the governance of the drought monitor (a role that is currently being developed by FUNCEME), that includes the start and animation of the drought monitor monthly process, and publication of a monthly drought monitor map, capacity building, and reporting, as well as the communication with the public. The Drought Monitor has been considered a concrete and tangible technology, and to some extent, protected against strong political influence. Therefore, it has been used as a key-product to advance the dialogue towards a drought policy in the national level. The Program also supported a 2-month-long stakeholder engagement process across the Northeast region that involved most of the nine states and their relevant agencies, and included civil society representatives, to discuss what a national/regional drought policy might include.
Outcome Area 2: Continuous advances happened in this outcome area, which is more focused on the Drought Monitor development, but also tries to capture the involvement of these key-stakeholders in the drought preparedness plans and the support by the Northeast State governments. Key results were:

- Operational and institutional structures have been discussed and agreed among partners to provide the Drought Monitor with the basic governance necessary to allow bottom-up and regional ownership as well as critical support from the federal level (MI and ANA);
- 24 people from the 9 northeast states were trained by Brazilian professionals with the help of partners in the US, Mexico, and Spain; (engaging in and promoting capacity development activities);
- Experimental monthly drought monitor maps have been produced since August, 2014 with data provided by INPE, ANA, INMET INEMA-BA, FUNCEME-CE, APAC-PE, e EMPARN-RN. The authors group is composed of 9 professionals representing the 3 leading states (Ceará, Bahia and Pernambuco); the validators group is composed of multi-sector representatives of all 9 Northeast states, including government Secretariats, agencies, research institutes and public companies (increasing knowledge, data sharing and cooperation);
- Participants of the Drought Monitor process reported having developed common and more objective and robust understanding about drought and greater articulation on drought monitoring and prevision through the cross-sectors and states interactions (climate, agricultural and water and sanitation areas);
- More structured institutions (like FUNCEME in Ceará) have voluntarily offered to transfer technology to less structured and/or newer institutions and/or in less developed states. A spontaneous collaboration among partners could lead to other collaborations not envisioned in Program and out of the scope of the program, making its influence on institutional change even stronger;
- 5 Drought Preparedness plans have been developed involving 4 different Northeast states focused on 5 different sectors/contexts, scales, and profiles
- Urban drought preparedness plans have clearly characterized drought impacts and vulnerabilities, established key institutional actors and responsibilities, and planning measures for mitigating drought risk, thus promoting increased know-how to plan drought mitigation and response actions. Because of the two urban drought preparedness plans, water and sanitation companies have improved permanent and sustainable management capacity in what has been considered to be a milestone in the history of these companies.

Outcome Area 3: Progress in this outcome area has been moderate. Although the drought preparedness plans – especially the river-basin and the rural rain-fed agricultural plans – have engaged river-basins, farmers and farmers associations and other local multi-sector stakeholders, the characteristics of these plans and of the diversity of the involved stakeholders implies that the processes to build common understanding and obtain ‘buy-in’ will require time and will be reevaluated in December 2015 to ascertain their outcomes.
Outcome Area 4 (Federal and State level governments and agencies are promoting and engaging in international exchanging opportunities to discuss drought preparedness):

This outcome area was not initially envisaged in the Results Framework design. However, the involvement of the Brazilian partners in the promotion of international exchange opportunities to discuss drought preparedness has clearly resonated with the clients and partners and has been significantly influenced by the convening and connecting power of this Program. Moreover, the Program has a specific intention of facilitating South-South and South-North exchange, to which these international activities contribute considerably. More recently, as the Program moves towards its completion in 2015, the dissemination of the outputs, outcomes, lessons learned, strengths and challenges of the process are being shared within and outside of the Bank so that other countries can learn about developing similar initiatives.

Bank Group Contribution

<table>
<thead>
<tr>
<th>Key Activities</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>General/Cross-Program</td>
<td>235,849</td>
</tr>
<tr>
<td>River Basin</td>
<td>34,297</td>
</tr>
<tr>
<td>Drought Monitor</td>
<td>213,805</td>
</tr>
<tr>
<td>Policy</td>
<td>18,252</td>
</tr>
<tr>
<td>Rural Pilot</td>
<td>62,477</td>
</tr>
<tr>
<td>Urban Pilots</td>
<td>80,376</td>
</tr>
<tr>
<td>Impact Evaluation</td>
<td>37,501</td>
</tr>
<tr>
<td>TOTAL</td>
<td>682,556*</td>
</tr>
</tbody>
</table>

Total cost by key project activity (US$), as of February 1, 2015. *The calculation only considers staff and consultant/firm costs, but not other costs (e.g., materials, travel/accommodations, per diem, workshop expenses, etc.)

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Amount Received FY 2014 and 2015</th>
<th>Total Amount Committed and Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Budget</td>
<td>250,000</td>
<td>420,506</td>
</tr>
<tr>
<td>Spanish Fund for Latin America and the Caribbean (SFLAC) (This Program’s)</td>
<td>150,000</td>
<td>135,529*</td>
</tr>
<tr>
<td>Disaster Risk Management (DRM) Strategic Work plan Window within the Phase II of the Water Partnership Program (WPP)</td>
<td>450,000</td>
<td>330,300*</td>
</tr>
<tr>
<td>WPP staff budget</td>
<td>75,000</td>
<td>55,623*</td>
</tr>
<tr>
<td>TOTAL</td>
<td>925,000</td>
<td>941,960</td>
</tr>
</tbody>
</table>

Main sources of program funding (US$), as of February 1, 2015. *Most of the remaining budget in these categories will be spent in the dissemination/wrap-up phase of the work (April-December 2015).

Partners
The Bank and MI strongly encouraged other interested entities and stakeholders at federal level and in the Northeast to participate in the Program. In addition to MI and its associated entities, several other partners in Brazil have played a significant role in supporting and advancing the approach and activities of the Program. At the federal level these include: National Water Agency (ANA), National Meteorological Institute (INMET), Agricultural Research Corporation (EMBRAPA), National Center for Monitoring and Early Warning of Natural Disasters (CEMADEN), and Center for Strategic Studies and Management (CGEE). In particular, ANA has an important technical leadership role regarding droughts through its responsibilities in monitoring water supply and availability, as well as managing federal river basins (i.e., those watersheds that cross state and national boundaries).

**Picture: Key partners involved in the Program in the Northeast region and at federal level**

At the state level, key entities involved in the Program include the: Ceará State Meteorology and Water Resources Foundation (FUNCHEME), Pernambuco State Water and Climate Agency (APAC), Bahia State Water Resources and Environment Institute (INEMA), Rio Grande do Norte State Secretary of Environment and Water Resources (SEMARH), Paraíba State Executive Agency of Water Management (AESA), Secretariat of Agricultural Development of Ceará (SDA), Piranhas-Açu River Basin Committee, water utility companies of Recife and Fortaleza, COMPESA and CAGECE, respectively, and various state drought committees, amongst many others. In particular, the state meteorological and hydrological agencies, sometimes falling within the same institution in a given Northeast state, are responsible for much of the infrastructure and technical analysis for climate, weather, and water monitoring and forecasting. The capabilities of these institutions vary across states, which has significant implications for drought management. FUNCHEME, APAC, and INEMA represent three of the most advanced state agencies in this respect, and have helped significantly to support and build capacity within their agency counterparts from other Northeast states through the Program (particularly with respect to monitoring and early warning/forecasting). Similarly, at the urban/city scale, COMPESA and
CAGECE represent two of the most advanced water utilities in the Northeast, and have been providing model examples for other urban areas in the region through the Program (particularly with respect to drought preparedness planning).

**Spanish expertise involved**

The program relied on key support from Spanish technical experts at numerous points throughout its implementation. One critical point of engagement with Spanish expertise occurred through a technical exchange/study tour visit to Spain (Madrid and Valencia, September 2014) that focused on integrated water resources management and water governance at the basin and national levels. The visit also explored tools for drought management, irrigation arrangements, urban water supply, desalination plants, and water reuse systems. It involved several federal and state institutions’ representatives from Brazil (i.e., 10 from the federal government and 3 from state governments). Moreover, the visit involved experts from more than 10 Spanish institutions, including amongst others: Ministry of Agriculture, Food and Environment (MAGRAMA), a civil engineering research agency (CEDEX), the water basin authority of Júcar basin (Confederación hidrográfica del Júcar), the University of Valencia (UPV), and the water utilities of Madrid and Valencia (Aguas de Valencia and Canal Isabel II).

The technical exchange was extremely successful in the following respects: (i) facilitating high-level technical discussions between the Brazilian and Spanish stakeholders; (ii) producing technical documentation and knowledge (e.g., a final report of the visit, detailed water resources context report, technical presentations, and additional sectorial information, amongst others) and (iii) signing of a Memorandum of Understanding between Brazil’s Ministry of National Integration and Spain’s Ministry of Agriculture, Food and Environment to establish specific cooperation agreements in the near future.

**Moving Forward**
The Project achieved its main objective of helping stakeholders in Brazil at the national level and within the Northeast to develop and institutionalize proactive approaches to drought events. It has been transformative in bringing about institutional collaboration within and between scales of government, generating the buy-in and ownership amongst key federal and state institutions regarding the principles for shifting the drought paradigm and the mechanisms for facilitating this shift (i.e., the national drought policy dialogue, the Monitor, and drought preparedness plans). Along the way, the Bank team delivered to the Client and partners various analytical, convening, and advisory services in the form of tools, frameworks, processes, and exchange platforms. The Program also developed a demonstrable approach for changing the paradigm of drought management in other countries and also within the World Bank.

There are strong signals that MI will request more Bank-led technical support, such as the efforts put forth through the Program. The Bank should seize this opportunity and build from the Program’s successes (including increased trust and deepened relationships) to continue strengthening the capacity of the Ministry and its related Secretariats. However, it will be important to strengthen relationships with Casa Civil, the Presidency’s Secretariat of Strategic Affairs, and other Ministries such as the Ministry of Agrarian Development, think tanks, and bodies of government.

Specifically, in the next phase of this work, there is a strategic opportunity for the Bank to help make the connections between anticipated impacts, adaptation options, and evaluating the costs/benefits (i.e., presenting the economic case for adaptation) of building drought resilience. There is also a need and opportunity to increase the capacity within country to evaluate impacts, risks, and vulnerabilities. Currently, there are few examples of vulnerability and risk assessments (and drought and adaptation planning as a whole) in Brazil on an operational basis, and building this capacity should be a priority for increase resilience.

To ensure sustainability, the Bank team that implemented this Program is working with the CMU and GP leadership to identify priority projects that should include a drought preparedness objective and related components (e.g., DPLs and PforRs could have disbursements that are linked with the inclusion of drought preparedness plans and policies associated with the Drought Monitor). Also, where possible, the team is working to integrate drought preparedness efforts into other relevant ESW and NLTA programs. For example, there is an opportunity to integrate drought preparedness into the agriculture and rural development portfolio and AAA in the Northeast. Several Bank projects (like Ceará) have recently been restructured to address drought preparedness and response, and others are in the process of restructuring (Pernambuco). Furthermore, new projects like Bahia and Paraiba already integrate climate resilience into their design, and rural water investments are increasingly looking at the issues of sustainability of the water sources.

This program sought as an ancillary goal to improve collaboration and linkages across Bank GPs and sectors. Specifically, there was need to help to bridge the gap between drought policy and management and disaster risk management (DRM) efforts. While the Program should be considered a success in improving these linkages, there remains a need for greater complementarity and collaboration amongst these teams moving forward. In addition to increasing integration between the various GPs, the team
will also focus on the Bank’s articulation on drought preparedness across the WBG entities and other bi-
lateral and multi-lateral agencies (e.g., IFC, GEF, IDB, UNEP).

The program also helped to encourage and support Brazil’s leadership with respect to drought policy
and planning vis-à-vis its other Latin America and Caribbean counterparts. Moving forward, the Bank
could provide similar support and encouragement for the government of Brazil in evaluating climate risk
and resilience aspects of project activities more explicitly, and more generally, prioritizing programs and
solutions that address multiple climate and non-climate risks (e.g., areas that suffer from both droughts
and floods, over population, commodity shocks, etc.).

Finally, this program likely represents the first comprehensive Bank’s program devoted solely to building
drought preparedness. There is a tremendous appetite amongst countries to change the way they
manage droughts. The Bank needs to capitalize on this aspiration and share the wealth of lessons
learned from the Program with other regions and countries. Specifically, the team is working to take
advantage of the Bank’s new organizational model and various exchange platforms to transfer this
knowledge and experience around the world and help to make improvements and upgrades beyond
Brazil.

**Beneficiaries**

The numerous beneficiaries were identified throughout this Results Brief. Below are some snapshots of
several images that show the various activities and associated beneficiaries through workshops, field
visits, other mission activities, and technical exchanges/study tours supported through this Program.
Mitigation Center, Lincoln Nebraska, USA (March 2014).

2nd Northeast Regional workshop, Recife, Pernambuco (May 2014)

Drought Monitor authors and validators training workshop, Fortaleza, Brazil (August 2014).

Drought Monitor authors and validators training workshop, Fortaleza, Brazil (August 2014).

Drought Monitor authors and validators training workshop, Fortaleza, Brazil (August 2014).
Drought Monitor authors and validators training workshop, Fortaleza, Brazil (August 2014).

Minister of National Integration signing of the Drought Monitor MOU (September 2014)

3rd Northeast Regional workshop, Salvador, Bahia (November 2014)
Drought Monitor authors and validators training workshop, Recife, Brazil (April 2015)

Participants of the Brazil-Spanish technical exchange study tour, Bolarque Dam, Tajo-Segura water transfer, Spain (September 2014).
**Grant Name and ID:** Knowledge Platform: Environmentally Sustainable Infrastructure Construction in Latin America and the Caribbean Region (TF015760)

**Country:** Latin America and the Caribbean Region

**Topic:** Environment and Natural Resources Management

**Grant Amount:** $475,000

**Synopsis**

A bilingual web-based Knowledge Platform (KP) has been created to enhance the capacity for developing environmentally sustainable infrastructure projects in the Latin America and Caribbean. The KP provides an easily accessible and reliable source of information on sustainable environmental management, relevant country information and news and events; and provides a tool to facilitate capacity building, exchange of information, and development of good practices. The KP focuses on the sectors such as transportation, energy, and water and sanitation, and includes project planning, design, construction, and operation and maintenance phases. Various activities were conducted to receive input from a wide range of potential KP users, which became a KP user base. Spanish firms and entities have made a valuable contribution to the design phase providing information for the KP, as well as to the operation and maintenance. The KP development phase has confirmed that the KP is an excellent tool to improve the skills of technical specialists. Furthermore, the process has already helped promote environmentally sustainable infrastructure development and identified relevant good practices and potential opportunities for improvement in the region.

While the principal users are technical specialists involved developing infrastructure in the LAC region, the ultimate beneficiary of the grant are all the citizens of each LAC country who will have better and more sustainable infrastructure, developed respecting and promoting social and environmental aspects.

**Challenge**

Sustainable infrastructure is fundamental for the development of Latin America and the Caribbean. Not only does it provide sound economic development, and with it the associated jobs and purchase of goods and services, it also enhances quality of life for citizens and helps protect our vital natural resources and environment. A key to success to develop sustainable infrastructure is sharing knowledge among specialists and building their capacity. However given the available environmental management information is significant and is constantly changing and improving, it is often difficult to find or obtain the most relevant and useful information. Additionally, there are challenges in successfully developing of internet based knowledge platforms that really serve the intended users, improve knowledge and capacity, and are sustainable over time.

**Solution**
The World Bank Group, with the support of SFLAC, has led the development of a Knowledge Platform (KP) to help promote better environmental and social management in the LAC Region infrastructure projects. The main goal of the KP is to help strengthen and advance environmentally sustainable infrastructure construction in LAC by increasing knowledge and capacity of relevant actors/stakeholders. Improving the environmental sustainability in these projects provides more effective and efficient financial and natural resource utilization, increased positive impacts, and enhanced sustainable economic development. The KP aims to provide an easily accessible and reliable source of information to support knowledge transfer, capacity building, innovation, lesson learning in environmentally sustainable infrastructure construction and to become a forum to contribute ideas and solutions.

Results

A web-based bilingual (Spanish and English) Knowledge Platform has been developed to promote environmentally sustainable infrastructure construction in Latin America and the Caribbean region. The KP’s primary focus is on the environmental management in various infrastructure sectors such as transport (roads, rail, ports, and airports), energy (generation, transmission, and distribution), and water and sanitation (water supply and distribution, waste water collection and treatment). Sustainable environmental management includes sound management to mitigate projects’ negative impacts and risks, as well as important approaches to enhance positive impacts or benefits. Thus, the KP covers projects’ construction, planning, design, operation and maintenance phases, and consists of following components: Sectors, Themes (technical), Product, Materials & Equipment, Countries and Knowledge Exchange. The contents of the KP include technical reports, guidance, case studies, laws and regulations, relevant links, videos, and training materials, among others. A dissemination strategy has been identified to promote user participation and to explore opportunities for addressing technical topics.

A key success factor is building a KP that meets user needs. During the design phase, various activities were performed to receive input from potential KP users and start creating a KP user base. This included: meetings with managers of various existing knowledge platforms to identify the keys to success and lessons learned (challenges, solutions, etc.); prepare an online questionnaire for potential KP users; create an interim KP website within the portal of the World Bank to promote the initiative and request and receive users input into the design; conduct three workshops in the LAC region (Buenos Aires, Bogotá and Lima); conduct workshop and bilateral meeting in Madrid (Spain) with more than 70 participants including governmental Agencies, National Associations, Constructors, Consultants, Universities and national experts; bilateral meetings with potential partners and/or collaborators; contact with relevant environmental ministries of LAC countries; create an Ad-Hoc Steering Committee; and assess the KP Beta-test version by a representative set of potential users. Input provided during the KP development has confirmed that the KP is an excellent tool to improve the skills of technical specialists, regulatory authorities of countries, scholars, innovators, and companies that carry out infrastructure construction projects; and thus, leading to improved environmental sustainability results. Relevant contents have been received from internal colleagues, universities, NGOs and private companies (from Spain and from the LAC region).
The KP development work, in particular the dialogue with potential users and technical specialists, has also directly resulted in helping promote and create environmental sustainable infrastructure development in LAC, and identify relevant good practices in the region and potential opportunities for improvement. Thus potential KP users are already improving their capacity and working to develop environmentally sustainable infrastructure.

Various Spanish firms and entities have played an important role in the KP design and testing, and in terms of information (documents, etc.) that are part of the KP. The World Bank has contracted a Spanish consortium formed by the CEDDET Foundation and consulting company Creativity and Technology (CYTSA) following an internationally competitive bidding for the KP operation and maintenance. The KP Steering Committee includes members of Spanish firms and entities.

**Bank Group Contribution**

The World Bank has lead the development of the KP. The KP complements the World Bank Group efforts to support sustainable development and more specifically infrastructure and sound environmental management in the public and private sectors. The KP development has involved input from various Bank technical specialists, including different Global Practices, Information Technology, International Finance Corporation, and World Bank Institute. Technical information included in the KP includes both various World Bank and IFC publications. The World Bank is also working on developing a plan for ongoing KP financial sustainability.

**Moving Forward**

Several activities are planned to promote the dissemination and use the KP, such as initial communications, monthly newsletters, social media marketing strategy and the optimization of the search engine locators. In parallel, the KP developing collaborative approaches with key stakeholders to promote the KP and more broadly environmental sustainable infrastructure development. For example, with Inter-American Federation of Construction Industry (FIIC in Spanish) we are working together in the KP dissemination, participated in the FIIC Executive Committee Meeting where the platform was presented to more than 18 LAC national industrial association, and developing ideas for specific FIIC member countries. In addition, the KP team is in constant contact with the Spanish Ministry and the Spanish Commercial Office in the LAC region to work together in the promotion of the KP. The KP will offer different knowledge exchange/sharing activities, such as webinars, Topics for Discussions, and Work Groups. Specific efforts will be made to continuously update the KP information database. The KP team is also developing a strategy for establishing the future sustainability of the KP.

**Beneficiaries**

The principal direct beneficiaries of this grant are the technical specialists involved directly or indirectly with developing infrastructure in the LAC region by helping increase their capacity to develop environmentally sustainable infrastructure projects. This includes specialists in environmental and other governmental ministries/agencies, construction companies, engineering and environmental consulting firms, industrial associations, universities, research centers, not-for-profit organizations and
foundations. However the ultimate beneficiary of the grant are all the citizens of each LAC country who will have better and more sustainable infrastructure, developed respecting and promoting social and environmental aspects.
Grant Name and ID: Promoting Environmental Management in Ecuador Phase II - Technical Assistance on Climate Adaptation, Mitigation and Conservation of Critical and Vulnerable Ecosystems (TF10464)

Country: Ecuador

Topic: Environment and Natural Resources Management; Environment and Natural Resources Management; Urban Development; Urban Development

Grant Amount: $100,000

Synopsis

Given its size and rapidly growing demographics, the city of Cuenca, Ecuador, is at a critical point, and needs decision-oriented information to strengthen the environmental sector work, and promote policies and programs that ensure prosperous living conditions for its citizens. The themes analyzed were related to air pollution, floods, and their impacts on health and the economy. A municipality-wide study on the costs of outdoor air pollution was conducted, and the Faculty of Economics was strengthened on the techniques to measure the cost of environmental degradation, and a number of policy and investment options were discussed to improve air quality. The main drivers of floods in the city were analyzed; internationally-recognized case studies on flood prevention were presented; and recommendations were made to increase Cuenca’s resilience to floods.

A comprehensive analysis was conducted on the impacts of air quality in the city of Cuenca. The analysis focused solely on outdoor air pollution, and more specifically on particulate matter (PM) pollution – which has been proven to be the major cause of morbidity and mortality in urban centers around the globe. Indoor air pollution is also an important factor with significant health implications, especially relevant for the poor who traditionally use low-quality fuels, and therefore, the results of the study only give a partial perspective of the full spectrum of results. The study was data-intensive, retrieving information from hospitalization cases, death cases, data on mobility, population density and age, and others. Preliminary results, currently under final validation, show that between 25 and 29 deaths can be annually attributed directly to PM pollution in Cuenca. Using universally-accepted methodologies, this result translates into economic impacts for Cuenca’s GDP amounting to 0.86% - 1.66%, between US$20 and US$40 million annually. These costs are significant, and provided a powerful baseline to underscore the priority of tackling air pollution in Cuenca through a number of soft and hard measures. Air pollution typically has a larger impact on under-privileged groups as well as other vulnerable groups such as children and the elderly.

In relation to floods, a world-renowned expert on urban floods met with Cuenca’s practitioners to review the master plans and programs, and provide feedback and advice.
Challenge

Cuenca is the third biggest city in Ecuador, with a high rate of urbanization, as in many other major Latin American cities. The population has increased from 110,000 in 1975 to over 350,000 in 2013, and more importantly, this increase has brought about an expansion of the urban sprawl proportionally larger than the population growth itself (Figure 1&2).

Figure 1. Population growth.

This rapid population and sprawl increase brings about environmental challenges. For example, it creates more transportation needs (in number of vehicles and duration of trips) and expansion of settlements towards new areas. Declining ambient air quality is characteristic of growing urban areas, with industry and transport as major contributors to the pollution loading. Settlements along slopes and inundation plains exacerbate the effects of naturally-occurring floods, and the construction of new terrain and lack of adequate drainage increase the likelihood of new floods.

Cuenca compares poorly to most Ecuadorian cities on air pollution loads, ranking fourth in the country, and in the middle of the spectrum when compared to other international dwellings. Air pollution has direct morbidity and mortality effects on population, especially the poor, and particulate matter is the outdoor air pollutant that is globally associated with the largest health effects. Moreover, there are strong inter-linkages with the tourism sector (prominent in the area), and economic productivity, therefore, turning into an important aspect to manage in order to promote green and inclusive development. Given Cuenca’s growth prospects, vehicle fleet expansion, and direct air quality impacts
on health, there was a clear justification to better understand the consequences of existing pollution loads, and the need to assign a monetary value to impacts that could otherwise be overlooked. Regarding floods, anecdotal evidence suggests an increase over the last years with an increase in damages. This, together with the expansion of slums into unstable slopes and new urbanization in natural buffer zones, composes the challenge that the city faces when trying to minimize flood impacts.

**Solution**

The Bank supported Ecuador broadly, and Cuenca more specifically, through the creation of knowledge relevant and directly applicable to decision-making. Given its unique position at the interface between development, infrastructure interventions and policy advice, the Bank brought to Cuenca an approach based on the internationally-accepted cost of environmental degradation. This approach links sector performance data (urbanization, mobility, economic activity) with health information (morbidity and mortality) and with economic evaluation of costs. This approach proved to be powerful for Cuenca, and managed to bridge the gap between the excellent technical work conducted by the air quality community in Cuenca and the decision makers who are currently making strategic decisions on Cuenca’s future development.

Cuenca’s challenges with urban floods are not new, and have been addressed elsewhere in the world. Thanks to the Bank’s experience and presence throughout different continents, it was possible to gather some of the best available knowledge and expertise on flood management, and to bring information directly applicable to Cuenca’s urbanization and drainage master plans.

**Results**

The study has been finalized on the costs of environmental degradation caused by air pollution, and is currently being peer-reviewed by experts to enhance its quality. This study specifically focuses on the impact of outdoor particulate matter on mortality and on the subsequent economic loss. This study was prepared in coordination with experts from Cuenca’s Faculty of Economics, who were trained in the methodologies and approaches. A first workshop was organized to share preliminary results at the Faculty in June 2014, and a second workshop was carried out in February 2015 to validate and disseminate the results. The report suggested a number of soft and hard interventions, ranging from end-of-pipe technologies to reduce emissions from vehicles and industry, to policy interventions based on incentives and penalties. The Municipality of Cuenca indicated their interest in following through with some of the measures proposed.

Regarding floods, specific proposals were made with regard to the urbanization plans. It was suggested to guarantee that at least 1-2% of the extension of the upper basin natural space is maintained un-urbanized in order to create buffer zones that can mitigate the effect of floods. A thorough presentation was also delivered to the municipality with examples of measures that have worked elsewhere.

**Bank Group Contribution**
Two different sources of funding were used to finance this Non-Lending Technical Assistance work: an SFLAC Trust Fund, of which around $76,000 has been used to date, to hire consultants, organize workshops, support logistics, and others; Bank Budget in the amount of around $100,000 was secured thanks to the SFLAC TF, and was used to hire consultants and to ensure Bank staff participation.

**Partners**

The Bank worked closely with the Environmental Management Commission (EMC) of Cuenca’s Municipality. EMC was the leading governmental institution in the efforts mentioned above, and are in charge of following up with specific interventions to mitigate the impacts described. The Bank also worked with Cuenca’s Faculty of Economics, which were trained in methods to cost environmental degradation and also provided logistics for the workshop. Finally, the Bank engaged many key institutions in Cuenca and Ecuador to collect information for the air quality study such as: EMOV, ETAPA, Ministry of Health, National Statistics Institute, Fundacion Natura, INAMHI, and several others.

**Moving Forward**

The Bank is preparing a regional GEF project with an objective to mainstream climate resilience considerations into critical sectors. This GEF project will have a biodiversity and natural areas management component for Ecuador, and will select pilot areas to make specific investments. Cuenca is currently proposed as the selected area for Ecuador, and this will provide continuity, build further capacity, and make use of the information generated through this grant.

**Beneficiaries**

This grant contributed key pieces of knowledge. As such, there are no direct beneficiaries. However, it is expected that the whole population living in the area will benefit in the future from an improved quality of the air it breathes, and a reduced likelihood of suffering damages as a consequence of a flood.
Grant Name and ID: Central America Disaster Risk Reduction and Climate Change Adaptation Initiative Project (TF011092)

Country: Central American Countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama)

Topic: Social Protection and Risk Management; Environment and Natural Resources Management; Urban Development

Grant Amount: $600,000

Synopsis

Capacity strengthening of CEPREDENAC and the Central American countries in disaster risk management and climate change adaptation

Through the implementation of grant activities, CEPREDENAC supported Central America Integration System (SICA) member countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) streamline the implementation of the Central America Probabilistic Risk Assessment (CAPRA) tool through: (i) work involving six technical assistance projects (TAPs) and strengthening current disaster risk information systems and communication networks and (ii) completing activities toward establishing a financial mechanism meant to serve as a resource for comprehensive disaster risk management (DRM) and climate change adaptation measures in Central America. In particular, the SFLAC grant has provided critical support to the operationalization of the main pillars of the Comprehensive Central American Disaster Risk Management Policy as well as served as an opportunity to improve the technical capacities of DRM agencies in SICA countries. In addition, capacity was built amongst various stakeholders in risk-reducing design, urban planning and safe construction practices.

Challenge

The high vulnerability to natural hazards - including hurricanes, tropical storms and seismic activity - has hindered Central American governments’ efforts to reduce poverty and sustain economic growth. In Central American countries, between 1990 and 2008, total damages and losses associated with large-scale catastrophic events are estimated, at the least, US$21 billion (EM-Dat). Consequently, SICA members have taken significant steps towards adopting an integrated and more proactive approach towards disaster risk management. However, important challenges needed to be overcome, which hindered country efforts of increasing overall disaster resilience. These challenges include: (i) a need to generate better and more consolidated information and knowledge on disaster risk and vulnerability and (ii) a need to develop technical capacities (at the national levels) for implementing a portfolio of innovative risk financing mechanisms for risk reduction and associated climate change adaptation projects.
Solution

Through this grant, the capacity of the Coordinating Center for the Prevention of Natural Disasters in Central America (CEPREDENAC) and the Central America Integration System (SICA) member countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) was strengthened in identifying, designing and implementing disaster risk reduction and climate change adaptation measures. In particular, the SFLAC grant provided critical support towards the operationalization of the main pillars of the Comprehensive Central American Disaster Risk Management Policy. By pursuing a hands-on approach to learning, clients have demonstrated greater ownership over the institutional processes and results, leading to enhanced risk identification and risk reduction capacity in the region.

Results

The grant financed technical support and capacity strengthening of CEPREDENAC in the joint identification, formulation and implementation of Technical Assistance Projects (TAPs) under the CAPRA initiative – to develop local capacity for seismic risk assessments of education, health and/or housing infrastructure in Central America countries. The total number of TAPs delivered under the TF is 6 (1 in Costa Rica, 2 in El Salvador, 2 in Panama, 1 in Nicaragua and 1 in Guatemala). Multi-sectoral teams in each country have conducted the assessments of the relevant hazards, site-specific physical characteristics, assets at risk as well as the vulnerability of housing, education and health infrastructure. Upon completion of the TAPs on June 2015, development of seismic risk scenarios and risk reduction recommendations in sectors are expected. Training and capacity building of vulnerability and risk assessment have been implemented at national and regional levels, reaching more than 200 seismic risk assessment specialists and stakeholders involved in the TAP process.

Over the past 3 years, CEPREDENAC has made efforts to strengthen the design and operation of the Regional Information and Communication Platform for Integrated Disaster Risk Management, which shares knowledge products and consolidates an online CAPRA community of practice. To this end, CEPREDENAC has launched a web platform (http://www.sica.int/cepredenac/) to house the CAPRA community of practice, while discussions are currently underway on how to enhance the brand identity for CAPRA products and the online community of practice itself. Training materials, technical reports, videos, and training exercises have been made available on the website.

A financial strategy for the implementation of the Central American Fund for the Promotion of Integrated Risk Management (FOCEGIR) was formulated but has yet to be executed. In parallel, a portfolio of 18 risk reduction and climate change adaptation projects was designed, while CEPREDENAC has focused efforts around capitalizing FOCEGIR to finance such projects. However, as donors have expressed hesitance in investing in a risk management portfolio that lacks structural clarity on its scope, CEPREDENAC negotiations with donors to capitalize FOCEGIR have advanced at a relatively slow pace. In an effort to raise awareness on financial protection mechanisms as a component of the disaster risk strategy at the national and regional levels, the World Bank team has provided significant technical support on Disaster Risk Financing and Insurance (DRFI) in coordination with CEPREDENAC.
**Bank Group Contribution**

This grant represents one component of a wider portfolio of activities meant to strengthen a comprehensive DRM framework in Central America that integrates risk knowledge, risk reduction, risk financing and emergency recovery. A World Bank Central America DRM technical assistance portfolio totaling close to US$5.2 million (Bank-executed and Recipient-executed TA) is under implementation and this grant is equivalent to 11% of the total. Close coordination between this grant and an IDF project, also executed by CEPREDEMAC, for “Consolidating Disaster Risk Management Policy in Central America” in the amount of US$ 439K was established. In addition, implementation of the Bank-executed TF “Probabilistic Risk Assessment to Improve Resilience to Natural Hazards in Central America” supported by GFDRR in the amount of US$3.4 million was made possible through the technical support provided to CEPREDEMAC on the use of the CAPRA methodology. The Central America DRM lending portfolio, totaling close to US$180 million, mainly corresponds to fiscal protection instruments against disasters as a political priority (i.e. CAT DDOs in Panama and Costa Rica, Honduras and Nicaragua Catastrophe Risk Insurance Project).

**Partners**

Project implementation was made possible by partnerships formed by CEPREDEMAC which had active implementation counterparts in activities related to disaster risk information and analysis and a leading role for inter-agency coordination through SICA member countries. The grant also supported the incorporation of financial protection mechanisms as a main component of disaster risk management in Central American countries. Consequently, Ministers of Finance of the Central American countries have been actively collaborating with the World Bank team in developing disaster risk financing and insurance initiatives - particularly with relation to multi-country catastrophe risk pooling through the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

**Moving Forward**

Technical information generated through the grant is supporting the preparation of the Strategic Country Diagnostics (SCDs) as well as informing the prioritization of future activities by providing a useful overview of current challenges and anticipated needs.

Considering the significant vulnerability of Central American countries to disasters, technical assistance and capacity-building for disaster risk financing and insurance under the CCRIF and the MDTF projects will enhance the capacity of countries to safeguard fiscal accounts and balances against natural catastrophes while allowing for rapid mobilization of resources in the event of a disaster. In particular, the World Bank envisages continuing its work with CEPREDEMAC in support of practical action towards strengthening management of DRM. A possible course of action could be to determine the steps for future potential support of an in-depth proposal regarding capacity development at the national level, linking an economic assessment of the historical impact of disasters to sustainable development, climate change adaptation and disaster risk reduction.
**Beneficiaries**

The grant focused on strengthening capacity within CEPREDENAC and at the national level in six Central Americans countries. The Executive Secretariat of SICA-CEPREDENAC led grant implementation, in coordination with national DRM agencies, members of CEPREDENAC board, and Ministries of Finance and Planning.

Under the grant, local capacity for seismic risk assessments of education, health or housing infrastructure in Central America countries has also been developed. In particular, the project recognizes the multi-stakeholder teams in each country who have demonstrated enhanced risk identification capacity: (i) In Guatemala, the National Civil Protection System (CONRED), the University Mariano Galvez and the Municipalities of San Marcos and San Pedro, among others, (ii) in El Salvador, the Metropolitan Area of San Salvador, under the leadership of the Ministry of the Environment and Natural Resources (MARN), the University of El Salvador, the Ministry of Public Works and Santa Tecla Municipality, (iii) in Panama, the Ministry of Housing and Territorial Planning (MIVIOT) working in collaboration with the Geoscience Institute of the University of Panama and the Technological University of Panama, and (iv) in Nicaragua, the National Civil Protection System (SINAPRED), the National Institute for Territorial Studies (INETER) and the Municipality of Managua; and (v) in Costa Rica, the Water and Sanitation Institute.

**Multimedia**

CEPREDENAC has launched a web platform ([http://www.sica.int/cepredenac/](http://www.sica.int/cepredenac/)) to house the CAPRA community of practice. Training materials, technical reports, videos, and training exercises have been made available on the website.

| Six Technical Assistance Projects (TAPs) under the CAPRA initiative to develop local capacity for seismic risk assessments delivered | Training and capacity building on risk assessment provided for more than 200 specialists through the SFLAC grant |

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Grant Name and ID: Preparation of National Strategy for Infrastructure Development, TF016515

Country: Colombia

Topic: Energy and Mining; Transportation; Water, Sanitation, and Flood Protection

Grant Amount: $400,000

Synopsis

The title of this project is “Preparation of a National Strategy for Infrastructure Development”. The strategy focuses on the following sectors: water and sanitation, ITC, solid waste management, energy, gas, mining, transport, logistics and urban transport.

Studies were initiated on August 2014 by individual consultants (mainly locals). To date, 7 of those studies have been completed (energy, gas, mining, ITC, solid waste management, logistics and water & sanitation).

One cross sectoral study was identified and aimed at analyzing the subsidy policies in infrastructure. The study began in January 2015, and is expected to be completed by June 2015.

In addition to these studies, the main contribution of the grant activities so far has been to provide inputs to the executing agency (DNP – Departamento Nacional de Planeacion – National Planning Department) for the preparation of the National Development Plan Law (the Law that summarizes the activities to be taken by a President during his mandate). The draft Law is currently being discussed in the Congress.

Challenge

The DNP and the key line ministries have singled out as a major priority to establish the foundations for implementing a comprehensive strategy for infrastructure development. For this purpose, it is essential to strengthen the local capabilities within the National Planning Department (DNP). This is also seen as a key element of defining the investments plans for the medium term in support of a more competitive, inclusive, and sustainable growth path for the country.

Solution

With support from this Grant, the government of Colombia will develop a national strategy for infrastructure development. Sectors included in the analysis are: energy, gas, mining, ITC, solid waste management, logistics and water & sanitation. The strategy will serve as basis for the implementation of
new infrastructure policies in the country (policies related not only to sectoral issues, but also to infrastructure financing and PPP schemes). It will also serve as a tool for sectoral planning.

In order to have a consistent approach among sectors, it was agreed to concentrate the analysis on four main pillars: (i) impact of infrastructure on growth and productivity, (ii) access social policy, (iii) financing, and (iv) legal and institutional framework. One additional cross-sectoral dimension (subsidies policy) was added.

Two main challenges have been encountered during the implementation of the project. Since the Project is related to sectoral analysis and policies, it is important to have sectoral ministries involved (taking into account that the executing agency is DNP). Several rounds of coordination were undertaken with all ministries involved (at Minister of Vice-minister level). Unfortunately, when consultants were actually hired, the “new” administration took office, and all Ministers/Vice-ministers were changed. In some cases it took several months to make the contact again, and as a result the participation of sectoral ministries (overall), was less than initially envisaged. The Bank team insisted on the importance of their participation. Moreover, the Bank team insisted on the participation not only of sectoral authorities but also other key stakeholders. The energy sector is a good example in that sense. To date, dissemination of the report was fully done in some sectors, and is ongoing on others. A presentation of the integrated Strategy is expected to take place in June/July 2015, with the participation of key policy makers.

The second challenge is also related to the timing. The Strategy was envisaged to analyze the requirements in terms of infrastructure in the medium and long term. However, as DNP is in charge of preparing the National Development Plan Law, there was an incentive to concentrate the analysis for the period to be covered by the Law (4 years). The Bank team provided comments to the Term of Reference of the studies, and during project implementation to the reports prepared by the consultants. These comments were very important to ensure that the studies comply with the scope initially envisaged. It is important to point out that the Bank team consisted of multi-sectoral specialist to ensure the expertise in all relevant sectors was included in the Project.

**Results**

To date 7 out of 9 sectoral studies are completed (energy, gas, mining, ITC, solid waste management, logistics and water & sanitation); and 3 ongoing studies (transport, urban transport and subsidies). These studies are in the process of being shared with the sectoral line ministries. With the studies almost concluded, the formulation of the overall strategy is an ongoing activity.

It is important to note that the outputs obtained so far were key inputs for drafting the National Development Plan Law (draft law was presented to the Congress by DNP on February 2015).

**Partners**
The main partner of this project is the Infrastructure Division within the DNP. It is important to note that the GoC allocated an amount equivalent to the Grant to DNP to undertake the project. Counterpart funding was timely dedicated to the project. Other partners are the related sectoral ministries.

**Moving Forward**

The National Strategy for Infrastructure Development can have several uses in the future. Most importantly, it will serve as an important input for the National Development Plan Lay (*Ley del Plan Nacional de Desarrollo*).

Studies will serve as a reference for additional policy and legal/regulatory reforms to be undertaken in the sectors.

**Beneficiaries**

The country as a whole will benefit from having a national strategy for infrastructure development. Infrastructure has a key role in growth and productivity. Specific beneficiaries are the sectoral ministries included in the scope of the strategy (Transport, Energy, Telecommunications and Housing), as well as the DNP (since this agency will gain the know-how in developing the task).
Grant Name and ID: Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for the Preparation of the CARCIP Program (TF099933)

Country: Dominican Republic

Topic: Information and Communication Technology

Grant Amount: $250,000

Synopsis

The present grant was used for Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for the Preparation of the CARCIP Program.

CARCIP promotes regional economic integration, supports the updating of related policies and regulations, while at the same time implements programs that build capacity, and strengthens the institutions involved. The CARCIP regional project will deliver important economies of scale and overall economic benefits, as it will increase access to regional broadband networks and advance the development of an ICT-enabled services industry in the Caribbean Region.

The grant was used to produce a technical feasibility study, an ESMF (Environmental and Social Management Framework) and a RPF (Resettlement Policy Framework) that were subsequently used as critical inputs for the Dominican Republic to decide joining the CARCIP Program. The first phase of the CARCIP program was approved in May 2012. Participating countries of the first phase include St.Vincent, Grenada and St. Lucia.

INDOTEL (Instituto Dominicano de Telecomunicaciones) has implemented the grant satisfactorily and the technical feasibility study was finalized. In addition, the SFLAC supported institutional capacity building. INDOTEL’s technical team attended a training on Open Innovation in Finland and in Spain to build capacity for the design of component 2 of CARCIP in the Dominican Republic. The training was carried out in collaboration with ESADE business school in Spain.

The SFLAC also supported the hiring of 1) a procurement specialist in INDOTEL, which allowed INDOTEL to fulfill the conditions established by the Bank for negotiations of the Dominican Republic joining the CARCIP project; and 2) an Open Innovation Specialist to help in the designing of CARCIP’s second component, the Open Innovation Hub.

Challenge

The main challenges for the implementation of the TF were: (i) the political transition in the Dominican Republic and (ii) the political tensions that arose with the neighboring country, Haiti, which was initially part of the scope of the Project. The political transition in the Dominican Republic brought management changes to INDOTEL, the Implementing agency of the TF. However, the new president of INDOTEL, who was appointed in July 2013 committed to continued engagement with the World Bank.
Solution

Even if the new Management team of INDOTEL continued engagement with the World Bank and the activities in place in 2013, uncertainty about the outcome of the political transition in the Dominican Republic resulted in some delays in the preparation of the CARCIP project and the SFLAC grant execution. Therefore, two extensions of the grant were required to allow the Dominican Republic to finalize the design of all of CARCIP’s components. The first closing date was April 15, 2014. The grant was again extended a second time to October 15, 2014.

Due to the political tensions between the Dominican Republic and Haiti, the part of the study relating to the broadband connection to Haiti had to be canceled. This resulted in a smaller fund disbursement for the completion of the study than at first anticipated; a total of 95.13% (US$237,836.97) of the recipient executed funds were disbursed, and the remaining 5% was not needed.

Results

Thanks to the grant, the Dominican Republic reengaged with CARCIP at the end of 2013 and the grant served to prepare the $30 million project, which was approved by the World Bank Board of Directors in September 2014. CARCIP has three components: (i) Regional Connectivity Infrastructure, (ii) Open Innovation Hub, and (iii) Implementation Support. CARCIP will implement the recommendations of the study financed by the grant, and the recommendations from the innovation specialist hired to help design Component 2 of CARCIP. Social, environmental and resettlement studies financed by the grant were instrumental in designing the project in line with the World Bank safeguards and policies.

Bank Group Contribution

The World Bank financed a Bank team out of project preparation funds for CARCIP to help and guide INDOTEL in the implementation of the grant. This included help with: the selection of the consultants and specialists that did the feasibility study the ESMF and RPF, the procurement plan, and the Open Innovation component for CARCIP. The Bank team also facilitated the links needed for assisting the training courses in Spain and Finland, and connected INDOTEL with relevant Spanish players during the training course in Spain, and financed partly the training courses in both Finland and Spain.

Partners

Technical staff from INDOTEL attended a training on Open Innovation in Spain and another one in Finland to build capacity for the design of component 2 of CARCIP in Dominican Republic, and to learn from relevant Spanish and Finish experience. The trainings were carried out in collaboration with ESADE business school in Spain, and with Aalto University in Finland. For the financing of the courses themselves the Bank was able to leverage its own funds, as well as funds from the government of Finland and the city of Barcelona.

In addition, the Bank partnered with the Spanish Economic and Commercial Office in DC for help with publicizing the call for tenders for the feasibility study.
Moving Forward

The grant was the initial step for the Dominican Republic joining CARCIP. The grant has therefore helped further engagement of the country with other countries in the region through greater access to regional broadband networks, improved related policies, regulations and institutional capacity. CARCIP is also expected to deliver important economies of scale and overall regional economic benefits.

Beneficiaries

The main beneficiary of the grant has been INDOTEL. More specifically, the courses held in Spain and Finland financed by the grant helped develop skills among Dominican Republic policy makers from a practical and participatory approach, through the analysis of case studies, including early prototyping and user-centric design for public services. The grant also helped strengthen INDOTEL in World Bank procurement related issues where there was no expertise. Finally the Bank gave technical assistance to INDOTEL through supervision budget allocated by the Trust Fund, which strengthened INDOTEL in those areas where they had no experience or expertise.

One could also conclude that the population will directly/indirectly benefit from revised/improved technical capabilities and greater transparency in public service processes implemented through CARCIP.

Multimedia

No press releases were produced as part of the activities, since there was no public event. However, the SFLAC financing of the feasibility study is mentioned in CARCIP’s Project Appraisal Document (PAD), as the crucial input for project design. The PAD was approved by the Bank’ Board of Directors and is publicly available in the World Bank website:
Annex 4 – IFC Progress and Results Report

Financial Infrastructure Group (FIG) and Finance & Markets (F&M), formerly Access to Finance (A2F)

Section I: Overview

Grant Information as of 31 December 2014

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>SFLAC IFC - Access to Finance</th>
<th>Program</th>
<th>SFLAC – Spanish Fund for Latin America &amp; Caribbean</th>
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Grant Objectives

With the support of SFLAC, the Access to Finance (A2F) Program will develop 3-4 new advisory services projects to increase access to financial services for micro, small and medium enterprises (MSMEs) by financial institutions participating in the Program. Projects may include components for supporting financial institutions such as increasing rural outreach, developing loan products tailored to MSME needs, mobilizing deposits from the general public, diversifying funding sources, developing mobile financial services, and reducing funding costs in the medium and long-term. Moreover, some projects are aimed specifically at strengthening financial institutions’ capacity and sustainability.

A2F projects aim to have an impact at the level of the clients of financial institutions. The impact may vary depending on project scope, institutional characteristics, and other variables. Among others, some of the benefits are: (i) increased access of new clients, particularly MSMEs to financial services and increase their working capital / investments / assets and (ii) improved terms and conditions of financing to end clients, and (iii) provided deposit products that encourage savings.

Additionality: IFC’s involvement with financial institutions allows for several key value-added benefits that are well-suited to the needs of the financial institution clients:

(i) In-depth knowledge of lessons learned of other similar Technical Assistance (TA) programs. In fact, IFC is well-positioned to add value by sharing lessons learned under the LAC MSME Program that includes ongoing projects with a myriad of institutions.

(ii) Specialized staff with broad experience in SME Banking, Microfinance, Mobile Banking, and Risk Management.
(iii) Combined investment finance and advisory services (technical assistance), which reinforce and provide cross-support to each other, resulting in better performance and greater impact.

(iv) Capacity to measure and benchmark against global best practices related to helping banks with downscaling.

(v) In contrast to other providers of technical assistance operating in the region, IFC maintains an active and ongoing engagement in the management of its projects to ensure delivery of results, considering the interests and needs of the client.

**Overall progress from December 31, 2013 to December 31, 2014**

**I) Achieving Grant Objectives**

The objective of the grant was to develop Advisory Service (AS) projects aimed at increasing MSMEs' access to financial services. The original target was to work with 3-4 financial institutions in separate AS projects. This target has been exceeded, as 12 separate financial institutions were supported through separate AS projects in eight different countries (plus one regional program in LAC). These AS projects include:

- FMM Popayan (Colombia)
- ADOPEM (Dominican Republic)
- Finterra (Mexico)
- AMC (El Salvador)
- Coopenae (Costa Rica)
- Sogebank (Haiti)
- Housing Finance (Haiti)
- Leasing (Haiti)
- LAC Mobile Financial Services (regional)\(^\text{16}\)
- Tribanco EE (Brazil)
- EDYIFICAR (Peru)
- BHD EE Advisory (Dominican Republic)

The Haiti Housing Finance Project completed activities during the reporting period, and will be monitored post completion.

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\(^{\text{16}}\) SFLAC funding previously supported the LAC Mobile Banking project, which closed for administrative reasons (as described in the previous SFLAC report), and the work of the mobile banking program is being continued under the new LAC Mobile Financial Services program.
II) Implementation of Grant – Report on activities from 31 December 2013 to 31 December 2014

For A2F in LAC, the following projects received funding from SFLAC:

**Ongoing Projects**

1. **Haiti – Leasing (July 2013 – December 2015):** The objective of this project is to support the development of the leasing and micro-leasing industry in Haiti. The project aims to (i) support the Haitian Central Bank, the Banque de la Republique d’Haiti (BRH) to improve the legal and regulatory framework related to leasing, (ii) create awareness and strengthen knowledge about leasing by the regulator, financial institutions, and companies, and (iii) support early stage development of financial entities interested in launching leasing activities. Activities completed during the current period include:

- Amendments, drafted by IFC, to the fiscal law were published in the official Haitian legislative journal, Le Moniteur, in June 2014. The amendments lift fiscal barriers that were major obstacles for the development of leasing: multiple taxation of leasing operations through turn over tax, and problems associated with the duration of amortization. These amendments were passed by Parliament and upheld by the President.
- IFC drafted and finalized a leasing law and accompanying operational decrees with the government of Haiti, incorporating feedback from representatives of the Ministry of Economy and Finance, Central Bank, and the Senate Commission on Economy and Finance.
- IFC country representative met with the Minister of the Ministry of Economy and Finance to lobby the passage of the leasing law. The Minister indicated that the law would be among those enacted by decree following the expected dissolution of Parliament in Q3 FY15. However, since then, the Minister has changed. Follow up with the Central Bank was achieved through high level meetings between the IFC VP of Global Client Services and the Governor.
- IFC collaborated with the Bank to develop the financial inclusion legislative package, comprised of leasing, credit reporting, and secured transactions laws. IFC specialists are the lead on the development of leasing and secured transactions legislation.
- IFC organized a series of market awareness raising workshops in May and November 2014 with different segments of the private sector to deepen its understanding of leasing. A total of 464 individuals were trained. Over 90% of survey respondents indicated that they were satisfied or very satisfied with the workshops and that their knowledge of leasing was deepened. The workshops took place in Cap Haitien, Jacmel and Port-au-Prince.
- IFC signed an agreement to engage with Alternative Insurance Company, Inc. (AIC), a Haitian private insurance company, to develop a five-year business plan for a new leasing start up entity and to organize a leasing study tour.
2. **Haiti – Sogebank (February 2012 – June 2015):** Support the Sogebank Group in developing an alternative financial services delivery channel (mobile money) to expand its customer base. This includes performing market research on mobile services, piloting and testing the proof of concept for pre-paid cards to the lower-income client base, and validating customer acceptance of the mobile money services. Activities completed during the current period include:

   - The project lead conducted a mission in May 2014 to engage with Sogebank on the status of its MIS migration progress. During this mission, the client indicated that due to significant ongoing challenges, there is no clear expected completion date for the migration. In a meeting with senior management and key staff, the team reviewed possible alternatives for project continuation with the Bank.
   - In response, IFC worked with Sogebank to design a new project to meet the client’s current needs. As part of the pre-implementation activities for the new project, an initial feasibility assessment of three options was conducted: i) branchless banking through payment cards, ii) mobile banking, and iii) a two-phased approach with a first phase using payment cards, and the second phase developing the agent network that will form the basis for a future mobile banking project. The feasibility assessment found that the option with the strongest potential is the two-phased approach, starting with a branchless banking through payment cards. Accordingly, a written proposal for a new branchless banking project was provided to the client. If accepted, this project will be updated to reflect the new agreements. Note that no SFLAC funds were expended on the project this reporting period.

3. **LAC Mobile Financial Services Program (July 2013 – June 2015):** Support the development of viable Mobile Financial Services (MFS) in the LAC region by designing projects with partner institutions and spreading knowledge about MFS. Activities completed during the current period include:

   - Business development activities were conducted, with a focus on the development of projects in the Caribbean, Mexico, and regionally.
   - Knowledge management activities were conducted to spread knowledge of new opportunities and advances in mobile financial services, including a robust workshop related to agent network management.

**Closed Projects**

4. **Haiti – Housing Finance (March 2012 – June 2014):** Assist Sogesol, the microfinance unit of Sogebank, to redesign its housing microfinance (HMF) loan product in order to expand access to finance for housing renovation and repair to low income households. See Section II (Components/Outputs) of this report for further detail.

**III) Activity Risk**
The major risks incurred by SFLAC-funded projects have been monitored carefully throughout the life-cycle of each project, resulting in their successful mitigation. The risks and mitigation are described below.

1. **Consultant delivery risk:** In all components supported by SFLAC, this risk has been successfully mitigated thus far. Careful attention is given to ensure that top quality consultants are selected to implement projects, and IFC has managed each project closely, intervening as needed to keep the project on track.

2. **Financial Institution delivery risk:** The requirement that financial institutions (FI) pay a significant portion of the costs of the technical assistance they receive helps to mitigate the risk that participating FI do not put in place the identified reforms, as the cost-sharing arrangement helps to ensure an active participation by the FI in the entire process. According to IFC's pricing policy and project management methodology, all clients must contribute to the cost of the project, even in conflict afflicted/IDA countries, though specific requirements vary in consideration of countries and project focus. This cost-sharing approach contributed to client commitment, leading to the successful project implementation. In the case of the SFLAC portfolio, for most projects, the clients have committed 50%-70% cash contributions to project technical assistance costs.

3. **Slow development in project execution:** Some delays do occur in projects due to external factors outside the control of project teams. These include some project-related decisions that are not within the control of IFC project teams, although it merits mention that IFC's hands' on project management methodology entails working very closely with our client partners, raising awareness/educating on the importance of technical assistance activities, and tailoring those actions and activities to help ensure that the client is able to absorb the training and technical assistance effectively. When set-backs do occur, IFC dedicates additional time working with our client partners to assist them to stay on track.

4. **Macro-economic risk:** The macro-economic environment has continued to be difficult in the LAC region, especially in Central America and conflict-affected Haiti. These issues are due in large part to the continuing effects of the global financial crisis and political/country instability in certain markets. FIs supported by the SFLAC program have maintained their commitment to expanding services to SMEs, rather than retracting this financial product as a result of continued difficult economic conditions.

**IV) Expected follow-up activity**

Key next steps for SFLAC funded projects in the next 6 months are as follows:

1. **Haiti - Leasing**
   - Meet with the government of Haiti to continue to support the passage of the leasing law and/or issuance of the publication of leasing regulations by the Central Bank.
   - Prepare and deliver a draft business plan to AIC for its leasing start up entity; organize and conduct a leasing study tour for AIC.
   - Process an extension of the project to ensure sufficient time to finalize the business plan with AIC; new end date is December 2015.
2. Haiti - Sogebank
   - Follow up on the branchless banking proposal will be undertaken. If the proposal for a new project is accepted by the client, the objectives, activities, timeline and targets of the project will be updated.

3. LAC Mobile Financial Services
   - Continue business development activities aimed at new project development;
   - Conduct knowledge management activities to spread awareness and understanding of opportunities related to mobile financial services.

Section II: Components/Outputs

Project that closed during the reporting period:

Housing Finance (Haiti)
The project was successful in assisting Sogesol (the microfinance unit of Sogebank) to: i) offer financing to support the progressive construction of homes (the predominant method of building in Haiti), ii) adopt an innovative approach to link financing with construction TA (to fill the gap in building standards and rebuild better), and iii) redesign a housing microfinance (HMF) product to contribute a long-term, sustainable solution to address the housing market failure. By including construction TA, the MFI was able to help homeowners get a better end-product while reducing the risk of loan failure (one of the main challenges with HMF loans is that construction is often poor quality, leaving newly indebted clients without viable assets). Due to the extremely challenging market context, the project did not, however meet its targets, though it should be noted that this project is one of very few projects that achieved any outcomes for housing in Haiti, and the level of investment was quite small compared to other larger scale, multi-million dollar projects. Project performance against targets were:
   - Value of loans disbursed (US$): Target = $1,779,000; Actual = $537,707
   - Value of outstanding loans (US$): Target = $454,573; Actual = $156,368
   - Number of loans disbursed: Target = 782; Actual = 258
   - Number of outstanding loans: Target = 331; Actual = 114

Section III: Spanish Visibility and Coordination

1. IFC organized a series of market awareness raising workshops in Haiti with segments of the private sector to deepen its understanding of leasing. Spain’s support through SFLAC was recognized at the workshops.
2. IFC released a report regarding leasing and the relevant regulatory environment in Haiti. The report prominently recognizes SFLAC’s contribution and features the SFLAC logo.
Infrastructure/Public Private Partnerships (INF/PPP)

Section I: Overview

Grant Information as of 31 December 2014

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</table>

**Grant Objectives**

The objective of the IFC is to team up with LAC countries to address the infrastructure gap in the region and help remove the obstacles for private sector investment. The Program helps identify, structure and launch sustainable infrastructure projects which leverage private sector expertise and capital, and achieve public-policy objectives. These projects will focus on the PPP model.

**Overall progress from July 2010 to December 2014**

**I) Achieving Grant Objectives**

**Current Rating: Moderately Satisfactory**

The following LAC PPP projects are being funded by SFLAC:

1. **El Salvador - El Salvador Port (May 2010 – December 2014):** The project aims to advise the government of El Salvador (GOES) on the structuring and implementation of a private participation scheme for the port of La Union on the Pacific Coast of El Salvador. This would help El Salvador develop a transportation hub for trade from Asia to northern Central America, as well as trade between the Pacific and Atlantic coasts. The ultimate objective is to increase the competitiveness of El Salvador and the region by attracting a world class port operator. Although the original PPP mandate included the potential to concession the two ports, the GOES decided to concession just the port of La Union, which has an estimated investment of US$30 million for the first 10 years.

2. **Honduras – La Ceiba Road Project (March 2011 – July 2014):** The objective of this project was to assist the Ministry of Presidency, Ministry of Transport and the Municipality of La Ceiba in structuring a PPP scheme for the construction, operation and maintenance of Boulevard del Oeste (which is composed of a 9.2km greenfield inter-city alternative route to highway CA-13) and the expansion, rehabilitation, operation and maintenance of CA-13 and other urban sections to reduce the time in connecting within the city and to increase road security. The project’s approximate private
investment was estimated at US$50 million.

II) Implementation of Grant

Current Rating: Moderately Satisfactory
During this period, main highlights include:

1. El Salvador Port - The IFC’s advisory mandate for the concession of La Union port has been divided into three phases:
   - Phase 1 which has been completed and consisted of the analysis of the market potential for the ports and assistance in preparing a draft law to allow implementation of a port concession.
   - Phase 2 which was completed during the reporting period and consisted of (a) technical, legal, environmental, and social analyses and (b) design and recommendation of potential concession structures.
   - Phase 3 which is currently underway and consists of implementation of an international competitive tender to engage a private port operator.

During Phase 1 of IFC’s advisory mandate the government of El Salvador made the determination to only implement a concession of the port of La Union and maintain the port of Acajutla under public operation. The concession enabling law was approved by Congress on September 8, 2011. During Phase 1, market, legal and pre-feasibility studies were delivered. In addition, two workshops were conducted to present the international experience, and to discuss specific elements of the concession and decree with the Congress.

Highlights of Phase 2 activities completed include:
   - The Transaction Structure Report was delivered to the client in September 2012.
   - Market sounding meetings with investors (joint IFC-CEPA) occurred in October - December 2012.
   - After market sounding, a package including a term sheet, structuring options around dredging requirement, law reform decree and financial bids evaluation criteria was delivered to CEPA in December 2012 for decision making and to kick off drafting of the bidding document.
   - Prequalification process was launched in July, 2013 and concluded by end of October. Four companies were prequalified: Bollore (French company, awarded the Benin concession tendered by IFC), Terminal de Contenedores de Barcelona (TCB, a Spanish company expanding in the LAC region), International Container Terminal Services Inc. (ICTSI, the operator of IFC-structured port concessions in Brazil and Madagascar), and Sudamericana Agencia Maritima (SAAM, one of the largest operators in Chile and with operations in other Latin American countries). All four of them have a strong reputation, despite not being the largest companies in the sector.
   - On August 22, 2013 Congress approved a Concession Law Reform, which was perceived positively by the market as it introduced flexibility to the concession structure (flexible investments and dredging process) and demonstrated political will.
   - After extensive discussion and revision, CEPA's Board approved the bidding documents in
April, 2014. As a subsequent step the documents were submitted to the Procurement Office of the Ministry of Finance (UNAC), to the Port Regulator (AMP) and to JICA, who financed the construction of the port. In May UNAC and AMP provided numerous comments to the documents. What followed in May and June was a direct interaction between CEPA, AMP and UNAC to address all the points raised, some of them requiring involvement of the Boards of Directors of both institutions.

- CEPA launched the bidding process on September 3, 2014, and received over 50 questions and comments from bidders.
- IFC and CEPA prepared answers and proposed addendum to the bidding documents, which had to be submitted for CEPA's board approval. The changes to the documents were published in the official gazette on January 15, 2015. Subsequent changes were introduced between January and May 2015 following responses to bidder’s questions.
- To allow firms time to respond to the new bidding documents, the timeline was extended with the proposals to be due to CEPA on May 28, 2015.
- The market's response to the addendum of the bidding documents has been positive. However, there is still high uncertainty as to whether or not the prequalified bidders will present a proposal, given the fragile project fundamentals (no current volume in La Union and uncertainty with CEPA meeting its dredging commitments).
- The project implementation end date was extended to June 30th 2015 to enable IFC to be able to support CEPA throughout the bidding process.

2. La Ceiba Road Project – During FY10 to FY13 the key highlights included: (a) engineering, legal and fiscal pre due diligence work was conducted in October-November 2010, (b) mandate was signed on March 2011, (c) donor funding equivalent to $1.1 million was secured (b) procurement processes were finalized for engineering, legal, social and land acquisition, fiscal and communications consultants (d) fiscal consultant conducted a study on additional revenue mechanisms that the Municipality of La Ceiba could implement to fund the project. In FY12, a full due diligence (engineering, traffic, legal and social) was concluded in March in parallel with the Transaction Structure Report (TSR) also completed in March 2012. During this period, the client accepted the TSR report in June 2012. However, the government’s failure to achieve IMF targets led to a critical fiscal situation. In FY13, during the second semester, the Mayor of La Ceiba decided to implement the project through a different scheme, not a PPP. Due to the fiscal situation it was not possible for the government to commit the subsidies required for the project as a PPP, so the government opted for a scheme with different risk allocation and therefore, a different payment scheme (that included the selection of the trust fund Banco Continental and a local construction company). Accordingly, the mandate was terminated in August 2014.
III) Activity Risk

Current Risk Rating: Substantial Risk Substantial Risk
The following risks have been identified for SFLAC PPP co-funded projects:

1. El Salvador Port

Market size
Among the main challenges facing La Union's successful tender is its market size. Without the container base from Acajutla and improved road networks, the port's baseline cargo volumes are lower. Consequently, revenues in the first five to six years of the concession are expected to be low while the concessionaire ramps up operations and sees the fruits of business development efforts. Potential concessionaires recognize this risk and would discount their bid accordingly.

Mitigation options
- Allow flexibility (relative to volumes achieved) in the investments required in the first 10 years (30m$)
- Lower or waive concession fees from the operator for a number of years until a minimum volume is achieved in La Union
- Do not grant any new container terminal concession in the country for a number of years
- Establish a harmonious tariff scheme and services costs (tugging and pilotage and channel access) to avoid unfair competition practices. Tariff schemes for same services should be similar in both ports.
- Elaborate an investment plan for Acajutla whereby it would specialize in bulk cargo, thus desist from container handling activities
- Establish a road rehabilitation plan to widen the Panamerican Highway between the cities of San Vicente and San Miguel, build a by-pass around San Miguel and improve the road connecting La Union to Tegucigalpa.

Channel maintenance
A technical due diligence pointed out significant costs to dredge and maintain the access channel at minimum initial required depth (-11m) and subsequently (up to -14m). The magnitude of the costs was not known before the study. According to the concession law, CEPA is in charge of the dredging and maintenance of the channel. However, reaching the minimum depth will require significant funds, which may affect CEPA’s financial position. In August 2012, CEPA started its trial dredge in the access channel using a rake (not traditional technology). In November 2012, CEPA claimed that sediments were removed, to bring the inner channel to a -9 m depth. Although a depth of -9 m would be better than previous measured depth of -7 m, it is still insufficient to attract bidders to the project, requiring CEPA to go deeper. CEPA has launched a pre-qualification process for dredging companies. There are 6 companies prequalified (from which one will be selected) to dredge the channel if the concession is awarded successfully.

Mitigation options
• IFC has proposed to CEPA to strengthen the work by involving our technical consultant to validate or conduct the bathymetric surveys. This validation will increase credibility of the effectiveness of the technique and its costs. Toward mid-December, CEPA told IFC that it had obtained resources to conduct the trial dredge that was recommended by IFC in May 2012 (valued at US$10-12 million) to reach 11/12 meters.
• IFC has also proposed to CEPA a concession structure by which the project could be tendered and awarded but the commencement of the contract would depend on some conditions: the economic viability of the project and the results of a monitoring program of the channel to narrow down dredging costs. Considering that the current concession law establishes the obligation by CEPA to dredge the channel to an initial depth of -14 m, a reform to the concession law has been drafted by IFC for potential introduction by CEPA to Congress in the next few months.
• In February 2013, IFC asked CEPA to carry out a cost-benefit analysis given the uncertainty on the economic rationale of the project due to the high dredging costs. The Board approved and funded the study. On July 1, the results of the study showed a negative VPN in all scenarios except where the dredging was carried out by CEPA directly.
• The draft concession structure contemplates CEPA committing to a minimum initial depth, part of the conditions precedent of the contract, that needs to be validated when the government is able to obtain more information and refine costs of the channel. The concession law reform also contemplates changing the required depth of -14 meters to a depth consistent with operations of the port (between -9 and -14 meters, dredged gradually).
• The project’s structure was defined as CEPA committing to reaching at least -10 meters as part of the conditions precedent for the contract and eventually continuing to -12 meters by year 4 or before. In addition, the contract includes a well remunerated exit strategy for the concessionaire in the event CEPA doesn’t fulfill its dredging obligations.

Commercial Risk
All investors have expressed concern about GOES’s decision to maintain the current Acajutla container port under CEPA’s authority and therefore in competition with La Union port, for different market (e.g. dumping) and political (e.g. influence by unions) reasons.

Mitigation options
• After several months of discussions, CEPA has confirmed that Acajutla will phase out of its container business, to enable La Union to develop critical mass; this could include assuming obligations to limit investments in Acajutla to expand its capacity and providing incentives to shipping lines to call in La Union.
• CEPA is willing to accept minimum initial and fixed concession payments to make La Union attractive to bidders, with the bulk of CEPA’s revenues coming from variable fees, linked to volume.
• CEPA is also considering increasing tariffs in Acajutla, which have not been adjusted in 10 years.

2. La Ceiba Road Project
Political situation

Government failure to achieve IMF targets led to critical fiscal situation. The political situation of the country was unstable due to upcoming elections (4th quarter of 2013), yet the project still had strong political support from two champions: La Ceiba Mayor and Congressman Irias who were pushing the highest authorities for funding. In addition, the marketing of the project had not started yet but some investors were showing interest. However in the 2nd half of 2013, the Mayor of la Ceiba decided to implement the project through a different scheme rather than a PPP, as the government could not afford the availability payments required for the project.

IV) Expected follow-up activity

1. El Salvador Port
   - Proposal due date is May 28, 2015. If IFC perceives that the bidders will not present proposals it will evaluate with the government the options of a failed bid or canceling the process. Pros and cons of both options would be weighed for the government to decide on the subsequent step.
   - Continue interacting with the market, receiving and answering questions and if needed, introducing potential new addendum to the documents in coordination with CEPA and AMP.
   - IFC will make recommendations to the government of El Salvador regarding the best international practices in dredging, complying with IFC PS.

2. La Ceiba Road
   - Since the project has closed, no follow up activities are expected.

Section II: Component/Outputs

I) Comment on implementation progress by component

1. El Salvador Port
   - Transaction Structure Report was delivered by Sep. 2012 and approved by CEPA.
   - Pre-qualification process was launched in July 2013. Four companies were prequalified which all have strong reputation hence are sufficient to enable IFC to continue working on bidding process preparation.
   - On August 2013, the Congress approved a Concession Law Reform, which was perceived positively by the market as it introduced flexibility to the concession structure.
   - After gaining approval on the bidding documents from CEPA, the Procurement Office of the Ministry of Finance (UNAC), the Port Regulator (AMP) and to JICA (who financed the construction of the port), the bidding process was launched on September 3, 2014.
   - In response to questions from bidders, IFC and CEPA prepared answers and a proposed addendum to the bidding documents, which had to be submitted for CEPA’s board approval. The changes to the documents were published in the official gazette on January 15, 2015. Subsequent changes were introduced between January and May 2015.
   - Bid due date is May 28, 2015.

2. La Ceiba Road
• A full diligence report on the engineering, traffic, legal and social aspects was conducted by March 2012.
• Transaction Structure report was completed in March 2012. Client accepted the Report in June 2012.
• Due to the fiscal situation, it has not been possible for the government to commit the subsidies required for the project as a PPP shown in the Transaction Structure report.
• In FY13, during the second semester, the Mayor of La Ceiba decided to implement the project through a different scheme, not a PPP. Accordingly, IFC closed the project in August 2014.

II) Additional comment on actual outputs

1. El Salvador Port
   • Pre-qualification was launched in July 2013, and four companies pre-qualified by October 2013. The bidding process was launched in September, 2014.

2. La Ceiba Road
   • Transaction Structure Report completed and delivered to Client in March 2012. Project closed due to client’s decision not to use a PPP structure.

Section III: Outcomes

I) Comments on outcome achieved from 01-Jul-2010 to 31-Dec-2014

1. El Salvador Port
   • IFC and CEPA held informal meetings with potential investors. The meetings helped CEPA validate of a number of issues raised by IFC in the past and following these meetings, CEPA conveyed to IFC a 'stronger' commitment to key structuring elements: (a) Need for CEPA to guarantee a minimum initial channel depth (e.g. -10 or -11 meters, to be defined) and channel maintenance, and (b) gradual transformation of Acajutla to a port specialized in bulk cargo (La Union becoming specialized in container handling).
   • On August 2013, Concession Law Reform was approved and during pre-qualification 4 companies with strong reputation prequalified. Bids are due May 28, 2015.

2. La Ceiba Road
   • The Municipality of La Ceiba accepted the Transaction Structure report in June 2012 and presented the project to the Ministry of Finance for funding. Due to limited fiscal space, the government couldn’t proceed with the bidding process and project was put on hold until new government was elected. The Mayor of La Ceiba then decided to implement the project through a different scheme rather than PPP, as he was not able to commit the necessary funds for availability payments. Therefore the project was terminated in August 2014.

Section IV: SFLAC Visibility and Coordination

No new visibility activities took place during the reporting period.
Environment and Social Sustainability (ESS)

Section I: Overview

Grant Information as of 31 December 2014

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Grant Objectives
The objective of the ESS BL in LAC is to provide advice and undertake market transformation activities to enable the private sector to deliver environmental and social benefits in developing countries. In the LAC Region, the objectives are:

Cleaner Production
The objective of the Cleaner Production (CP) Program is to contribute to the adoption of cleaner production (resource efficiency) practices among IFC client firms to promote efficiency-lead savings in production costs and reduce environmental risks. At the impact level, the program aims to promote greenhouse gas-GHG emissions abatement, energy efficiency and water saving. In order to facilitate the CP audits implementation and reach the program’s objective, IFC offers financing as a complementary service.

Eco-standards
Eco-standards aim to promote better environmental and social practices through implementation of shared standards that will lead to better natural resource conservation and lower biodiversity loss.

Overall progress from 31-Dec-2013 to 31-December-2014

I) Achieving Grant Objectives
The REF Program for LAC (previously known as Cleaner Production) was completed on 30 June 2013, and is therefore not covered in this report. Under the Eco-Standard component, two sub-programs were developed: Wood Bolivia and Responsible Soy. Wood Bolivia is not covered in the report because the project was closed in September 2013, as detailed in the previous report.

The overall objective of the Responsible Soy project is to increase the productivity of small and medium sized soybean farmers in Bolivia. This will be achieved by improving and expanding ANAPO’s extension capacity and supporting the adoption by soybean farmers of improved and sustainable agricultural practices that are expected to result in increased yields with the same inputs and land. With regards to the issue of unsustainable farming practices, this project proposes to increase awareness on the benefits of producing sustainably and to show that, by incorporating sustainable practices, smallholders will
benefit from a more efficient production translated in productivity enhancements.

II) Implementation of Grant
In the January 2014 to December 2014 reporting period:

Responsible Soy Program (Bolivia) - During the reporting period, the project remained on hold throughout the process of being restructured. The restructuring has been largely completed, with all necessary approvals having been obtained and all project funding has been secured (additional funding was secured from the Netherlands / IFC TA Trust Fund). The restructuring of the project was done to address issues regarding the project’s strategic fit, taking into account changes within IFC, particularly on intervention strategies, approaches to enhance impact and pricing requirements (where clients are expected to contribute to the costs of the project). The restructuring also allows for use of different mechanisms to engage with the project’s partner (ANAPO), to provide recognition of the funding they are contributing in addition to the funds received by Solidaridad (a well-recognized international NGO that supports sustainability interventions). The decision was made to proceed with a grant based on the performance and deliverables, and authorize grant disbursements upon achievement by ANAPO of specific targets.

Amongst the items that will be updated it is worth highlighting:

- Increase of target beneficiaries (from 350 to 2,500 producers)
- Further negotiations with ANAPO resulting in revision of planned expenses by streamlining costs and therefore reducing costs by 10%. The Team was able to close the funding gap.
- Improved M&E framework with baseline data and specific targets.

Necessary documents to carry out the first disbursement to ANAPO were filled out and sent to client for final processing.

III) Expected follow-up activity

- Responsible Soy Program (Bolivia) - Mission to visit client to reactivate the project, visit with selected farmers and jointly review updated project and activities pending;
- Periodic working sessions with ANAPO to monitor planned activities: training sessions with farmers, capacity building with extension agents and execute events to raise awareness of sustainability issues in the soy sector.

IV) Activity Risk

Responsible Soy Program (Bolivia):

Stakeholder relationships and reputation risks: The project being placed on hold could delay implementation of activities and create inconveniences with project partners who are committed to completion of the project.

Mitigation - The Team has had periodic meetings and consultations with the project partners and monitored the activities performed. Having a proactive approach and open communication with project partners has helped IFC to minimize reputation risks.
I) Comment on implementation progress

Responsible Soy Program (Bolivia)

Project Management:
Team worked with IFC’s management to restructure the project, and it is now reactivated. The completion of the restructuring entailed obtaining authorization to incorporate project enhancements and final approval on grant agreement with ANAPO. A revised Cooperation and Grant Agreements were signed with ANAPO reflecting the revised targets and leaner implementation budget.

Project Execution:
Due to ANAPO’s partnership with Solidaridad, a partial execution of activities was possible during the year. These activities focused on preliminary technical assistance with farmers aggregated in subgroups and in the establishment of 8 different demonstration plots to allow participating farmers to better understand new practices and where individuals could also run-through new skills/concepts to later replicate at their own sites.

It is also important to highlight that during the first crop cycle of CY2014, the region had an access amount of rainfall receiving an estimated 1,233 mm where the expected average is around 850 mm. This excess amount of water had a direct impact on the average yield obtained (1.8 tons / hectare, whereas in a year with a an average amount of rain we could expect an average yield of 2.2 tons/hectare) and serves as a reminder of the importance of this project which will allow farmers to adopt better agronomic practices to increase crop productivity.

Section III: Outcomes

I) Comments on outcome achieved from 01-Jul-2011 to 31-Dec-2014

Responsible Soy Program (Bolivia)
None during the period. Outcomes are expected to be reported once the project is activated and activities are resumed.
### 1. Recipient-Executed Project Preparation

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<th>Country</th>
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<th>Grant TF Number</th>
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<th>Project Status</th>
<th>(Planned) Board Date</th>
<th>Project Development Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Supporting Inclusive Business Alliances for smallholder agricultural producers in Pernambuco State</td>
<td>TF096046</td>
<td>Closed</td>
<td>0.250</td>
<td>P120139</td>
<td>Pernambuco - Rural Economic Inclusion</td>
<td>100</td>
<td>Active</td>
<td>May 6, 2012</td>
<td>To promote rural business initiatives and expansion of rural access to water and other complementary infrastructure by supporting the Borrower’s Results Management Framework.</td>
</tr>
<tr>
<td>Caribbean</td>
<td>Broadband Communications Infrastructure Feasibility Studies for Dominican Republic and Haiti for Preparation of CARCIP Program</td>
<td>TF099933</td>
<td>Active</td>
<td>0.250</td>
<td>P114963</td>
<td>Caribbean Regional Communications Infrastructure Program</td>
<td>25</td>
<td>Active</td>
<td>May 22, 2012</td>
<td>To increase access to regional broadband networks and advance the development of Information and Communication Technologies (ICT) enabled services industry in the Caribbean Region.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Project preparation for Barranquilla Flood Management Project</td>
<td>TF099933</td>
<td>Active</td>
<td>0.725</td>
<td>P120159</td>
<td>Barranquilla Flood Management</td>
<td>-</td>
<td>Dropped</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Honduras</td>
<td>Strengthening Municipal Territorial Planning Capacity as part of the Honduras Land Administration Program</td>
<td>TF099664</td>
<td>Closed</td>
<td>0.380</td>
<td>P106680</td>
<td>Adaptable Program Loan-2: Land Administration</td>
<td>32.8</td>
<td>Active</td>
<td>June 30, 2011</td>
<td>To provide the population in the project area with improved, decentralized land administration services, including better access to and more accurate information on property records and transactions.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Promoting a Multi-sectoral Multi-stakeholder Approach to Sustainable Local Development in Mexico’s Poorest Municipalities</td>
<td>TF096061</td>
<td>Closed</td>
<td>0.250</td>
<td>P120170</td>
<td>Strengthening Social Resilience to Climate Change</td>
<td>300.75</td>
<td>Closed</td>
<td>March 1, 2012</td>
<td>To strengthen social resilience to climate change through policies that will directly and indirectly benefit the poor by improving: (a) adaptation planning oriented to the state level; (b) disaster risk reduction and territorial development actions oriented to the municipal level; and (c) sustainable community forest management at the community level.</td>
</tr>
<tr>
<td>Peru</td>
<td>Project Preparation for Cusco Regional Development Project (PRODER)</td>
<td>TF096160</td>
<td>Closed</td>
<td>0.625</td>
<td>P117318</td>
<td>Cusco Regional Development</td>
<td>35</td>
<td>Active</td>
<td>November 22, 2013</td>
<td>To improve the quality of tourism and solid waste management services and increase the resilience of the tourism sector to the impacts of natural disasters in the provinces of Calca, Urubamba, and Cusco.</td>
</tr>
</tbody>
</table>

17 Here and further on, the Grant Amount is at the time of approval.
18 Through the grant, the Bank supported the government of the District of Barranquilla to strengthen Barranquilla’s technical and managerial capacities, necessary for the preparation of an investment project to reduce the District’s severe flooding problems. The District increased its capacity to formulate and implement the proposed investment project under an inter-institutional coordinated framework, and acquired knowledge and experience on World Bank procurement processes, as well as on social and environmental considerations for project design. However, and although the city demonstrated all necessary inputs to finalize project preparation, the operation was dropped due to the fact that the national government, specifically the Ministry of Finance, decided not to provide the required national guarantee to any sub-national level of government. Nonetheless, the Bank team and the District of Barranquilla believe that the grant’s outputs/outcomes remained highly relevant and applicable to contribute towards tackling the flooding problem in Barranquilla, as expressed by the Mayor during the last preparation mission.
<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>ID</th>
<th>Status</th>
<th>Completion Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>Preparation for the OSE Response to Climate Change Project</td>
<td>TF096016</td>
<td>Closed</td>
<td></td>
<td>To increase the sustainability of OSE by improving the reliability and resilience of its water supply and sanitation systems, enhancing its efficiency, and strengthening its management capacity. The project has four components.</td>
</tr>
<tr>
<td></td>
<td>Response to Climate Change</td>
<td>P118064</td>
<td>Active</td>
<td>July 5, 2012</td>
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</table>

**TOTAL** 2.930 655.55
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<tr>
<th>Country</th>
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<th>Grant Amount (US$M)</th>
<th>Project ID</th>
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<th>Project Status</th>
<th>Board Date</th>
<th>Project Development Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Salvador</td>
<td>Support for Education Quality Improvement Project</td>
<td>TF010361</td>
<td>Active</td>
<td>0.130</td>
<td>P126364</td>
<td>Education Quality Improvement Project</td>
<td>60</td>
<td>Active</td>
<td>December 13, 2011</td>
<td>To improve access, retention and graduation rates for students in the lower secondary education and the upper secondary education of the Borrower’s public schools adopting the Inclusive Full Time School (IFTS) model.</td>
</tr>
<tr>
<td>Honduras</td>
<td>Sustainable Water for a Sustainable City: Promoting Integrated Urban Water Management in the greater Tegucigalpa Area</td>
<td>TF099354</td>
<td>Active</td>
<td>0.400</td>
<td>P103881</td>
<td>Water and Sanitation Sector Modernization Project</td>
<td>30</td>
<td>Active</td>
<td>June 21, 2007</td>
<td>1) To trigger the involuntary resettlement policy (OP4.12) and put in place appropriate mechanisms to manage involuntary resettlement issues that may arise during implementation, including financing for land acquisition and compensation payments in line with Bank policy and as required in consultation with the Bank’s Land Committee; 2) To revise monitoring and evaluation (M&amp;E) indicators for the result framework while project development objectives and outcomes remain unchanged; and 3) to modify the allocation of proceeds.</td>
</tr>
<tr>
<td>Peru</td>
<td>Support to the Peru National Agricultural Innovation Program</td>
<td>TF012180</td>
<td>Closed</td>
<td>0.350</td>
<td>P131013</td>
<td>National Agricultural Innovation</td>
<td>40</td>
<td>Active</td>
<td>December 17, 2013</td>
<td>To create the adequate conditions in the Borrower’s SNIA in order to support the effectiveness of its member organizations in providing or developing improved agricultural technologies.</td>
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<td>Total: 0.880, 130</td>
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### 3. Bank-Executed Technical Assistance

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<tbody>
<tr>
<td>Argentina</td>
<td>Supporting the Implementation of Phase I of the Matanza-Riachuelo Basin Sustainable Development Project</td>
<td>TF098374</td>
<td>Active</td>
<td>0.450</td>
<td>P105680</td>
<td>Matanza-Riachuelo Basin (MRB) Sustainable Development Adaptable Lending Program</td>
<td>840</td>
<td>Active</td>
<td>June 9, 2009</td>
<td>To improve sewerage services in the M-R river basin and other parts of the province and city of Buenos Aires by expanding transport and treatment capacity.</td>
</tr>
<tr>
<td>Brazil</td>
<td>Advisory Services for Integrated Urban Development in Rio de Janeiro</td>
<td>TF010458</td>
<td>Active</td>
<td>0.250</td>
<td>P122391</td>
<td>Rio de Janeiro Metropolitan Urban and Housing Development</td>
<td>485</td>
<td>Closed</td>
<td>March 15, 2011</td>
<td>To support the State government of Rio de Janeiro in strengthening its policies for planning and managing territorial growth in the Rio de Janeiro Metropolitan Region, promoting the provision of affordable housing, and creating integrated social development programs targeted at urban poor.</td>
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<td></td>
<td>P126735</td>
</tr>
<tr>
<td>Brazil</td>
<td>Improvements in Governance and Effectiveness of Social Protection Systems</td>
<td>TF098917</td>
<td>Closed</td>
<td>0.090</td>
<td>P101504</td>
<td>Second Bolsa Familia</td>
<td>200</td>
<td>Active</td>
<td>September 16, 2010</td>
<td>To strengthen the Bolsa Familia program’s ability to achieve its objective of reducing poverty and inequality and promoting human capital development by improving schooling and health of children and reducing incidence of malnutrition among the poor population.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Analyzing the Experience of Specialized Water Operators</td>
<td>TF098814</td>
<td>Active</td>
<td>0.100</td>
<td>P096965</td>
<td>La Guajira Water &amp; Sanitation Infrastructure and Service Management</td>
<td>90</td>
<td>Active</td>
<td>March 15, 2007</td>
<td>To improve the quality of water supply and sanitation services in urban and peri-urban areas.</td>
</tr>
<tr>
<td>Country</td>
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<tr>
<td>Colombia</td>
<td>Fiscal Management Support</td>
<td>TF010489</td>
<td>Closed</td>
<td>0.100</td>
<td>P123267</td>
<td>First Programmatic Fiscal Sustainability and Growth Resilience Development Policy Loan</td>
<td>300</td>
<td>Closed</td>
<td>July 21, 2011</td>
<td>To enhanced fiscal sustainability and strengthened resilience of economic growth.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Strengthening Governance for Social Risk Management</td>
<td>TF099763</td>
<td>Active</td>
<td>0.150</td>
<td>P113084</td>
<td>Disaster Risk Management DPL w/Catastrophe Deferred Draw Down Option</td>
<td>150</td>
<td>Closed</td>
<td>December 18, 2008</td>
<td>To strengthen the government’s program for reducing risks resulting from adverse natural events.</td>
</tr>
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<td></td>
<td>P126583 Second Disaster Risk Management DPL with Catastrophe Deferred Draw Down Option</td>
<td></td>
<td>Active</td>
<td>July 10, 2012</td>
<td>To strengthen the government’s program for reducing risks resulting from adverse natural events.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Institutional Strengthening and Capacity Building to Support the Rio Bogotá Environmental Improvement Program</td>
<td>TF097840</td>
<td>Active</td>
<td>0.200</td>
<td>P111479</td>
<td>CO Rio Bogotá Environmental Recuperation and Flood Control Project</td>
<td>250</td>
<td>Active</td>
<td>December 14, 2010</td>
<td>To help transform the Rio Bogotá River into an environmental asset for the Bogotá Distrito Capital metropolitan region by improving water quality, reducing flood risks and creating multi-functional areas along the river.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Strengthening National Environmental System and Enhancing Sustainability in Water Resources and Air Quality Management</td>
<td>TF097348</td>
<td>Active</td>
<td>0.750</td>
<td>P082520</td>
<td>CO Sustainable Development Investment Project</td>
<td>7</td>
<td>Active</td>
<td>October 27, 2005</td>
<td>To support the design and implementation of policy reforms and related investments in line with the Sustainable Development Policy Loan Program framework, particularly those policies addressing environmental problems affecting the quality of life and wellbeing of the Colombian population.</td>
</tr>
<tr>
<td>Colombia</td>
<td>Technical Assistance Implementation Support for the Integrated Public Transport Regulatory Framework in Cities Participating in the</td>
<td>TF010017</td>
<td>Active</td>
<td>0.390</td>
<td>P117947</td>
<td>Support to the National Urban Transit Program Project</td>
<td>350</td>
<td>Active</td>
<td>July 21, 2011</td>
<td>To enhance the efficiency, affordability, quality, safety, and environmental sustainability, of the provision of public transit services in the participating cities.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Costa Rica</td>
<td>Innovative Funding Mechanisms and Governance Structures in Higher Education</td>
<td>TF099742</td>
<td>Closed</td>
<td>0.120</td>
<td>P123146</td>
<td>Costa Rica Higher Education</td>
<td>200</td>
<td>Active</td>
<td>September 27, 2012</td>
<td>To improve access and quality, to increase investments in innovation and scientific and technological development, as well as to upgrade institutional management, all in Costa Rica’s public higher education system.</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Institutionalizing Innovations in Accountability</td>
<td>TF099486</td>
<td>Closed</td>
<td>0.100</td>
<td>P125806</td>
<td>DO-3rd Performance &amp; Accountability of Social Sector DPL</td>
<td>70</td>
<td>Closed</td>
<td>November 17, 2011</td>
<td>(i) to enhance the performance of social sectors to promote human capital for the poorest citizens, through a fundamental redesign of the government’s Conditional Cash Transfers program, Solidaridad; (ii) to improve budget management; (iii) to support the gradual introduction of performance agreements in social sectors; and (iv) to enhance transparency and accountability by strengthening the enabling environment for improved public sector performance</td>
</tr>
<tr>
<td>Haiti</td>
<td>Support to the Development of a Sustainable Housing Policy and Housing Finance Framework</td>
<td>TF099445</td>
<td>Closed</td>
<td>0.300</td>
<td>P125805</td>
<td>Port au Prince Neighborhood Housing Reconstruction</td>
<td>65</td>
<td>Active</td>
<td>May 4, 2011</td>
<td>To help residents of selected Port-au-Prince Neighborhoods affected by the earthquake return to their communities by supporting them in repair and/or reconstruction of houses and improving basic community service infrastructure.</td>
</tr>
<tr>
<td>Haiti</td>
<td>Energy Access Expansion in Haiti</td>
<td>TF099467</td>
<td>Closed</td>
<td>0.100</td>
<td>P127203</td>
<td>Rebuilding Energy Infrastructure and Access</td>
<td>90</td>
<td>Active</td>
<td>September 27, 2012</td>
<td>To (a) strengthen energy policy and planning capacity; (b) improve the sustainability and resilience of the electricity sector and restore and expand access to reliable</td>
</tr>
<tr>
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<tr>
<td>Mexico</td>
<td>Addressing Water Challenges - Tackling Water Scarcity</td>
<td>TF096060</td>
<td>Closed</td>
<td>0.341</td>
<td>P091695</td>
<td>Modernization of the Water &amp; Sanitation Sector Technical Assistance</td>
<td>25</td>
<td>Closed</td>
<td>August 4, 2005</td>
<td>(i) to improve the efficiency of Mexico’s water supply and sanitation sector through strengthening the sector policies at the federal and state level; and (ii) to develop and demonstrate replicable models of successful and sustainable provision of water and sanitation services.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Strengthening of the Financial system of the Water Sector (Sistema Financiero del Agua)</td>
<td>TF099439</td>
<td>Closed</td>
<td>0.098</td>
<td>P091695</td>
<td>Modernization of the Water &amp; Sanitation Sector Technical Assistance</td>
<td>Closed</td>
<td>August 4, 2005</td>
<td>(i) to improve the efficiency of Mexico’s water supply and sanitation sector through strengthening the sector policies at the federal and state level; and (ii) to develop and demonstrate replicable models of successful and sustainable provision of water and sanitation services.</td>
<td></td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Promoting Efficiency and Poverty-Focus of Public Water Utilities in Central America</td>
<td>TF098868</td>
<td>Closed</td>
<td>0.095</td>
<td>P110092</td>
<td>Greater Managua Water and Sanitation (PRASMA)</td>
<td>40</td>
<td>Active</td>
<td>December 16, 2008</td>
<td>To increase access to reliable water and sanitation services to the population of the greater Managua region.</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Enhancing Public Sector Effectiveness</td>
<td>TF096259</td>
<td>Closed</td>
<td>0.300</td>
<td>P117043</td>
<td>Public Sector Reform Development Policy Loan</td>
<td>100</td>
<td>Closed</td>
<td>December 13, 2011</td>
<td>To contribute to the effectiveness and efficiency of the public sector.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>P113457</td>
<td>Public Sector Reform</td>
<td>100</td>
<td>Closed</td>
<td>May 5, 2009</td>
<td>a) safeguarding the proportion of budgeted social expenditure during execution, as a</td>
</tr>
</tbody>
</table>

- (i) to improve the efficiency of Mexico’s water supply and sanitation sector through strengthening the sector policies at the federal and state level; and (ii) to develop and demonstrate replicable models of successful and sustainable provision of water and sanitation services.
<table>
<thead>
<tr>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>Peru</td>
<td>Technical Assistance for Structuring and Integration of Metro Projects in LAC</td>
<td>TF018935</td>
<td>Active</td>
<td>0.500</td>
<td>P145610</td>
<td>Lima Metro Line 2</td>
<td>300</td>
<td>Pipeline</td>
<td>July 2015</td>
<td>To provide a major east-west axis (Ate-Lima-Callao) of the Lima-Callao Metropolitan Region with a modern and integrated mass transit system that will improve accessibility to jobs and services in the area of influence of the Lima Metro Line 2</td>
</tr>
<tr>
<td>Peru</td>
<td>Integration of Disaster Risk Spatial Information System</td>
<td>TF095953</td>
<td>Closed</td>
<td>0.300</td>
<td>P120860</td>
<td>Catastrophe Development Policy Loan DDO</td>
<td>100</td>
<td>Active</td>
<td>December 9, 2010</td>
<td>To strengthen the government's capacity to mobilize resources in the case of disaster and to promote risk reduction.</td>
</tr>
<tr>
<td>Peru</td>
<td>Rapid Response: Effective Urban Traffic Management Program for Historic Districts in the Metropolitan Municipality of Lima</td>
<td>TF095895</td>
<td>Closed</td>
<td>0.125</td>
<td>P035740</td>
<td>Lima Urban Transport Project</td>
<td>45</td>
<td>Closed</td>
<td>December 9, 2003</td>
<td>To assist the Municipality of Metropolitan Lima in enhancing the economic productivity and the quality of life within the Lima Metropolitan area through improving mobility and accessibility for the metropolitan population, especially in the peri-urban poor neighborhoods by establishing an efficient, reliable, cleaner and safer mass rapid transit system.</td>
</tr>
<tr>
<td>Peru</td>
<td>Environmental Governance and Mainstreaming in Key Sectors Project</td>
<td>TF099273</td>
<td>Active</td>
<td>0.250</td>
<td>P101471</td>
<td>First Programmatic Environmental Development Policy Loan /DDO</td>
<td>330</td>
<td>Active</td>
<td>February 17, 2009</td>
<td>To strengthen environmental governance and institutions, and to mainstream environmental sustainability in the development agenda of key sectors (mining, fisheries, and urban transport and energy).</td>
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<td>P116152 Same as above</td>
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</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>Capacity Building Activities for the Ministry of Economy and Finance on Public-Private Partnerships (PPPs)</td>
<td>TF099061</td>
<td>Closed</td>
<td>0.100</td>
<td>P125803</td>
<td>Road Rehabilitation and Maintenance Program</td>
<td>66</td>
<td>Active</td>
<td>November 13, 2012</td>
<td>To improve transport efficiency through rehabilitation and maintenance of the national road infrastructure and enhanced public sector capacity to plan, regulate and monitor transport and logistics services.</td>
</tr>
<tr>
<td>Regional</td>
<td>Groundbreaking Path to Integrate Climate Change and Sustainable Transport Agendas</td>
<td>TF096250</td>
<td>Closed</td>
<td>0.500</td>
<td>P114010</td>
<td>GEF Sustainable Transport and Air Quality Project (STAQ)</td>
<td>8.5</td>
<td>Active</td>
<td>December 28, 2009</td>
<td>To: (i) foster a long-term increase in the patronage of less energy intensive transport modes so as to reduce in growth of Greenhouse Gas emissions; and (ii) to promote implementation of integrated urban transport, environment and climate change policies, and regulatory frameworks that foster the development of sustainable transport systems at local and national levels.</td>
</tr>
</tbody>
</table>

**TOTAL**  
5.709  
4,767.5
### Bank-Executed Knowledge and Learning

<table>
<thead>
<tr>
<th>Country</th>
<th>Grant Title</th>
<th>Grant TF Number</th>
<th>Grant Status</th>
<th>Grant Amount (US$M)</th>
<th>Project ID</th>
<th>Project Title</th>
<th>Project Amount (US$M)</th>
<th>Project Status</th>
<th>Board Date</th>
<th>Project Development Objectives</th>
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<tbody>
<tr>
<td>Argentina</td>
<td>Improving Governance of Sub-National Social Protection Programs</td>
<td>TF099062</td>
<td>Closed</td>
<td>0.250</td>
<td>P115183</td>
<td>Argentina Basic Protection Project</td>
<td>450</td>
<td>Active</td>
<td>June 9, 2009</td>
<td>To increase effectiveness of income transfer programs for unemployed and families with kids, and to create preconditions for expansion of safety net.</td>
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<tr>
<td>Brazil</td>
<td>Knowledge and Learning for Metropolitan Regions</td>
<td>TF099465</td>
<td>Closed</td>
<td>0.095</td>
<td>P122391</td>
<td>Rio de Janeiro Metropolitan Urban and Housing Development</td>
<td>485</td>
<td>Closed</td>
<td>March 15, 2011</td>
<td>To support the State government of Rio de Janeiro to strengthen its policies for planning and managing territorial growth in the Rio de Janeiro Metropolitan Region, promoting the provision of affordable housing, and creating integrated social development programs targeted at urban poor.</td>
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<tr>
<td>Brazil</td>
<td>Water in Northeast Brazil: Enhancing the Productive Use of Water</td>
<td>TF096763</td>
<td>Active</td>
<td>0.300</td>
<td>P112073</td>
<td>Federal Integrated Water – Interaguas</td>
<td>107.33</td>
<td>Active</td>
<td>July 12, 2011</td>
<td>To improve coordination and strengthen capacity among key federal institutions in the water sector towards an integrated approach.</td>
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<td>Brazil</td>
<td>Ceara Rural Sustainable Development and Competitiveness</td>
<td>P121167</td>
<td>Active</td>
<td>100</td>
<td>P112074</td>
<td>BR Sergipe Water</td>
<td>70.28</td>
<td>Active</td>
<td>January 26, 2012</td>
<td>To promote efficient and sustainable use of water in the Sergipe River Basin, by</td>
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<tr>
<td>Country</td>
<td>Grant Title</td>
<td>Grant TF Number</td>
<td>Grant Status</td>
<td>Grant Amount (US$M)</td>
<td>Project ID</td>
<td>Project Title</td>
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<td>Central America</td>
<td>Value Chains in Central America</td>
<td>TF099183</td>
<td>Closed</td>
<td>0.075</td>
<td>P112011</td>
<td>GT Enhancing MSME Productivity Project</td>
<td>32</td>
<td>Active</td>
<td>March 3, 2011</td>
<td>To stimulate the growth of MSMEs in selected value chains.</td>
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<td>Mexico</td>
<td>Policy Framework Development in Mainstreaming of Climate Change in Key Development Sectors</td>
<td>TF099325</td>
<td>Active</td>
<td>0.413</td>
<td>P087038</td>
<td>Environmental Services Project</td>
<td>45</td>
<td>Closed</td>
<td>March 29, 2006</td>
<td>To increase substantially the development of markets for environmental services in Mexico.</td>
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<tr>
<td>Latin America</td>
<td>Brazil and Colombia Rural Producer Organization Financial Inclusion Initiative</td>
<td>TF099324</td>
<td>Closed</td>
<td>0.100</td>
<td>P104567</td>
<td>Second Rural Productive Partnerships Project</td>
<td>30</td>
<td>Active</td>
<td>August 21, 2007</td>
<td>To increase rural competitiveness and build up rural entrepreneurship in poor rural communities in a sustainable manner through demand-driven partnership schemes with the commercial private sector.</td>
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<td>P108443 Sao Paulo Sustainable Rural Development and Access to Markets 78 Active May 25, 2010 To support the state of Sao Paulo to increase the competitiveness of family agriculture, while improving environmental sustainability.</td>
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<td>P118540</td>
<td>Santa Catarina Rural Competitiveness 90 Active September 2, 2010 To increase the competitiveness of Family Agriculture Producer Organizations while providing support for an improved framework of structural competitiveness inducing public services activities</td>
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<td>P101508</td>
<td>Rio de Janeiro Sustainable Rural Development Project 39.5 Active September 10, 2009 To increase adoption of integrated and sustainable farming systems approaches in specific areas, thus contributing to the higher-order objective of increasing small-scale farming productivity and competitiveness</td>
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TOTAL 1.233 1,575.11