

July 4, 2013

**Comments from Germany on Approval by Mail: Colombia: Technological Transformation Program for Bogota's Integrated Public Transport System (IDB) - CTF**

Dear Colombia Team,

thank you very much for the answers to very relevant questions from UK colleagues and WRI.

As unfortunately we never received the original proposal and were only now able to consolidate comments internally and in dialogue with KfW colleagues in Colombia, we still have a number of concerns that have not been sufficiently addressed by the answers provided. Some of which cover similar aspects but from a different angle as those questions already answered.

We would be grateful to receive answers from the government of Colombia and IDB before we can finally approve the proposal.

Pls find attached our detailed comments.

best regards

Dr. Annette Windmeisser  
Division for Climate Policy and Climate Financing  
senior political advisor  
Federal Ministry for Economic Cooperation and Development

Technological Transformation Program for Bogota's Integrated Public Transport System - **Comments GER**

**General comments**

- GER welcomes the proposal as it appears well rooted within the broader plans for a transformation of the national transport system.
- However, given a number of gaps in the information provided on the project, GER does not see itself in a position to approve the proposal before a number of important questions have been clarified.

**(a) Potential for GHG Emissions Savings**

The GHG estimate:

- does not appear to be based on a methodologically correct representation of the effect of substituting conventional buses with electric ones;
- appears to be assuming the electric buses are powered by 100% emission free electricity instead of using the relevant grid factor;
- does not provide for a clear differentiation of emission savings achieved through the proposed project itself vs. wider replication and transport system design effects.

**(b) Cost-effectiveness**

- The proposed amount of CTF funding appears very high for the relatively small amount of vehicles to be funded, leading to a relatively high specific mitigation cost if wider replication effects are not included. We would therefore appreciate if a more detailed itemized budget could be provided to address this concern.

### **(c) Demonstration Potential at Scale**

- We deem it important to include information as to how/whether the project is integrated within ongoing World Bank support for the Bogota Metro;
- The significantly higher ROI of investment in conventional buses from the operators' perspective appears to be a major barrier to implementation and wider replication. Similarly, given the uncertain market size and potential and the proposed interest rate cap, the incentive of commercial banks to participate in the program is not clear. We would therefore appreciate to be provided with a more detailed account on the economic incentives for both bus operators and commercial banks to participate in the project;
- The proposal is lacking an estimate or target regarding the minimum number of commercial banks that would have to be involved in the initial and replication phases for the project to meet its objective.

### **(d) Development Impact**

- It should be more clearly underlined that any significant development and in particular gender impact cannot be attributed to the proposed project itself and expected as immediate project outcome, but can only be attributed to uncertain system-wide and long term replication effects;
- The proposal does not provide sufficient information on how/whether stakeholder consultations with both bus operators/drivers and users were conducted;

### **(e) Implementation Potential**

- Very frequent changes in polices and key administration official indicate that the political framework in Bogota with regards to project implementation might be much less favourable than presented in the project. We would therefore appreciate if 1-2 alternative and more conservative scenarios could be examined to find out whether the project would still be beneficial under less favourable political and institutional circumstances (and more conservative assumptions for replication).

### **Other questions:**

- We would appreciate of more detailed account of how monitoring or project results will be ensured and by whom (i.e. Bancoldex or commercial banks)?