Board Meeting of November 6, 1997
Statement by Pieter Stek

Colombia - CAS & Projects

The case of Colombia reminds us that, although necessary, macroeconomic stability and even growth are not sufficient conditions for raising the quality of life. Social peace and cohesion, quality of and access to education, health, transport and communication services, and fairness of income distribution matter a lot. My reading of the proposed CAS for Colombia is that it takes up these points and translates them accordingly into a set of priorities. Therefore, I can support the CAS as well as the two educational projects that accompany it.

Let me now share some comments and observations regarding the proposed CAS.

Timing of the CAS

I feel slightly uneasy with respect to the timing of this discussion, given the fact that presidential elections in Colombia are scheduled for May 1998 and a new Government is expected to take office in the summer of 1998. This is one of the reasons why Management requests more flexibility in terms of defining the Bank’s lending program. Upcoming elections and possibly different priorities that the new Administration may have, are identified as one of the risks of this strategy (para 46). I therefore wonder why the CAS was not deferred until after the elections in order to coordinate the Bank’s strategy with the new administration’s agenda.

While I understand that CASes are subject to Bank-defined cycles, and apparently the time has come to decide on a new one for Colombia, this is too important an instrument for us to allow ourselves to adopt a purely formalistic approach to its timing. In general, I would suggest that the Bank should strive to coordinate to the maximum extent possible its “CAS cycles” with the political cycles in our borrowing countries as a critical prerequisite for ensuring ownership by the authorities. The participatory approach of defining the present CAS, while commendable, is not a substitute for coherent time horizons of the authorities and the Bank. In cases where the Bank’s “CAS calendar” is one year or less out of line with the electoral cycle of the country, in my view the former should be adjusted.
Promoting peace and development - is the Bank able to deliver?

I welcome that promoting peace and development is at the forefront of the agenda for the next three-year period for Colombia. It is clearly the shortest route to “attaining sustainable development with continuous reduction of poverty” (para 46) in Colombia. As addressing socio-economic determinants of violence is a new area for the Bank to work in, it will be extremely important for the country team, in close cooperation with the authorities, to define very clear, observable, and preferably, measurable milestones for the program in this area. The content of Annex B1 leaves much to be desired. I would also like to know how the region plans to learn from the Bank-wide experience of working in a post-conflict environment, given that such experience has been largely gained in regions other than Latin America.

Portfolio management

I am pleased to note the serious analysis of the problems surrounding project implementation in Colombia. The lessons learned in Colombia, especially at the portfolio level, seem generic to me. I wonder whether resolving some of the bottlenecks identified can be pursued in the context of “Attaining Public Sector Responsiveness and Efficacy”, as well as by devolution of responsibilities for the implementation of some projects to the local level, as suggested in para 36.

The new lending instruments in the CAS

I agree that there is scope for application of Learning and Innovation Loans and Adaptable Program Loans, approved by the Board a few months ago, in Colombia at this juncture and that the country team should “stand ready to pilot test them” (para 38). What I am not so sure about is whether the country team is really ready to take the advantage of the increased flexibility offered by these new instruments. I would have liked to see the potential candidates for operations in Colombia narrowed down, and a decision which operation to start with taken sooner rather than later.

Joint ESW

In the context of the challenging development agenda facing Colombia and the innovative nature of the CAS, the ESW should inevitably play an important role. I am glad to see that the Bank plans to conduct ESW jointly with the Government in order to achieve better and quicker internalization of the results. I would like to note simply that this is a valid point not only for Colombia, and to encourage Management to adopt a similar approach in other countries and regions. In addition joint ESW may be more cost-effective.

IFC and MIGA programs

I am encouraged to read that the IFC does not face constraints for its investments in Colombia. Given the regional disparities in economic development in the country, I am of the view that private sector development continues to be important for Colombia and the IFC appears to be well placed to take the lead within the Bank Group. A strong pipeline of applications for MIGA guarantees is also encouraging.
In conclusion, I would like to reiterate my support for the present CAS, to suggest that a CAS progress report be presented to the Board, should material change in priorities or in the lending program arise, and to endorse the two education projects in view of their clear link to strengthening human capital development, one of the six priority areas for the immediate future in Colombia.