

More to Colombia than just 4G

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The Colombian infrastructure sector used to be synonymous of the 4G concession programme that awarded 32 PPP road projects since launch in 2013.

That's all changing... or at least it will be if Enrique Peñalosa, Mayor of Bogota, succeeds in his plans to implement a pipeline of large-to-medium-size projects.

Peñalosa was mayor from 1998 to 2001 and is now back to govern the capital of Colombia for the second time, this session running until 2019. He has ambitious plans that, if successful, will transform Bogota into a huge construction site.

The mayor was famed for implementing structural reforms in his last term. Among the most important developments was the establishment of Transmilenio, a bus rapid transit (BRT) system inspired by the Brazilian city of Curitiba but implemented in a city of 8 million people (a lot bigger than 3.2 million Curitiba).

Funding requirement

Independent of the political battle over the use of the private sector in areas of the economy considered strategic – a debate always present in Latin America when talking about mass transportation, airports, and energy sector – the total funding requirement is daunting. Colombian cities now have a pipeline of projects that will require more investments than the 4G programme has lately been able to attract. It is not only Bogota: other Colombian cities are trying to follow the lead and launch urban projects as well.

Colombia has neither the financial capacity nor the expertise domestically to complete all the projects it needs. But the country seems to be moving forward with its plans, and attracting international attention.

Bankers, lawyers and infrastructure sponsors are saying almost in unison: "in Colombia, I'm focusing more on cities right now."

The new infrastructure announcements are also timely. They will require large amounts of investments, exactly in a moment of great liquidity in the United States and in Europe. Returns in the developed world are still very low (though most anticipate a gradual increase in interest rates). It is not uncommon to see bankers say that "there is more money than projects to invest in."

With low returns, a lot of money and a (certain) lack of large projects in the United States, commercial banks and investment funds are starting to look for opportunities in Latin America. There has also been a trend of international law firm growing their teams in the region. And foreign sponsors are lining up to form consortia and prepare bids to participate in Southern projects.

The projects

Just some of the projects in Colombian cities in the pipeline are:

- First Metro line
- El Dorado II airport
- Cartagena airport
- Transmilenio
- Regiotram
- Six hospitals
- Elevated Station Canoas
- PPP schools/ public buildings

The largest upcoming project is the first [Metro line in Bogota](#), which will require a total investment of \$3.6 billion. It is expected to be awarded

in Q4 2018 and will complement the main public transportation system in the capital, Transmilenio. The [BRT system](#) itself will see a complete renewal of the fleet, as well as a new bus corridor in the city.

National regulator ANI is currently structuring the PPP for the second airport in Bogota, El Dorado II, which will require around \$800 million in investment. Construction is expected to take place between 2019 and 2021.

El Dorado II will be connected to Bogota's public transportation system by the Regiotram project. This PPP includes the construction, maintenance and operation of a light rail system between Facatitiva and Bogota. At 41km in length, it will have 17 stations and a total cost of Ps1.5 trillion (\$550 million).

There is also a PPP concession for Cartagena airport coming to market. Works include the expansion of the passenger terminal building, aircraft parking platforms and taxiways. The concession involves the structuring, design, construction, maintenance and operation of the airport expansion, in a project estimated to cost \$200 million. It is currently subject to feasibility studies.

Bogota is in the process of awarding six hospitals, with an approximate cost of \$400 million: Nuevo Hospital Simon Bolivar; Hospital de La Felicidad; Nuevo Hospital de Santa Clara; Nuevo Instituto Materno Infantil; Hospital de San Bernardino Bosa; and Hospital Usme.

FDN and the Ministry of Education are also trying to structure a series of projects to renew public schools in Colombia, starting in Medellin, Barranquilla, Cartagena and others. There are also projects to renovate public buildings in Bogota.

A public initiative project that would attend not only Bogota but also 14 other municipalities is the construction of a waste water treatment plant called PTAR Canoas, or Elevated Station Canoas. With a total cost of \$4.9 trillion (\$1.8 billion), it is supposed to clean 80% of contamination of the river.

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