

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC18289

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<b>Project Name</b>	Colombia FCPF REDD Readiness (P120899)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Colombia
<b>Sector(s)</b>	Forestry (100%)
<b>Theme(s)</b>	Climate change (100%)
<b>Project ID</b>	P120899
<b>Borrower(s)</b>	
<b>Implementing Agency</b>	
<b>Environmental Category</b>	
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## I. Introduction and Context

### Country Context

Colombia is an upper-middle income country with the fourth largest economy in Latin America and a population of 47.7 million of which 76% is urban. The country has a rich natural resources endowment including oil, coal, gas, iron, and gold. The domestic market is sizeable, making it important for aggregate demand growth. Agribusiness (particularly coffee) and manufacturing (e.g., the car industry) are also relatively well developed. Improved security combined with business-friendly investment rules is leading to a increment in foreign direct investment, particularly in the oil and mining sector; the latter being considered as a growth engine by the government , .

Colombia's economy proved to be more resilient than other emerging market economies, and it is recovering steadily from the effects of the global crisis. The GDP growth increased by 4.3 % in 2010 compared with 1.5 % in 2009. Recent estimates show a growth of 4.2% between 2012 and 2013. During this period sectors with the largest growth were: construction (9.7%); agriculture (6.2%) and social services (4.5%) for the second semester of 2013 in comparison to the same period in 2012 .

Given its recent economic improvement, Colombia's progress in reducing poverty falls below the performance of many of the countries in the region. Although on a declining trend poverty levels remain relatively high (30.6% in 2013), in part due to an unequal distribution of income, as reflected by the Gini coefficient (0.54 in 2013) which is among the 10 highest in the world . Another important element that constrains economic growth and affects poverty is the long-running armed conflict that started around 60 years ago. Colombia has witnessed decades of conflict in which

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different armed groups have affected thousands of people that have experienced kidnappings, forced displacements or extortions especially in rural areas. As a response, the government of Colombia has made several attempts to reach a peace agreement with these groups, especially the Fuerzas Armadas Revolucionarias de Colombia (FARC). Actual peace talks between FARC and the government led by President Juan Manuel Santos, started in 2012 with the aim of getting an agreement on key topics such as the rural development and political participation of the FARC once the peace process ends.

## **Sectoral and Institutional Context**

### **1. The Forest Sector**

Colombia has a total continental area of around 114 million hectares (ha) of which in 2010, 51.4% (approx. 58.6 million ha) was covered by natural forests. Around 67% of the total remaining natural forests are located in the Amazonian region of Colombia, 9.4% in the Pacific and 17.1% in the Andean region. The departments of Amazonas, Caquetá, Guainía, Guaviare and Vaupés in the southeastern part of the country contain more than half of the total natural forest area (approx. 35 million ha).

Colombia is one of the most biodiverse countries in the world, second in number of plant species and first in number of bird species. In addition, Colombian forests represent a major carbon sink but are also important for the conservation of water and soil resources. Seven forests reserves (Zonas de reserva forestal) covering a total of approximately 51 million ha, were created in 1959 in order to support the development of the forest sector, protect water, soil and wildlife. In addition, Colombia has established a total of 56 National Parks, covering a total area of 17% of the total of natural forest across the country. Forests are also a key source of livelihoods for indigenous populations, Afro-Colombian and campesino communities, some of which live within the protected areas and make use of the forest resources. Indigenous community territories (resguardos indígenas) contain 45% of the total natural forests in the country, while 7.2% are in Afro-Colombian territories.

Despite the efforts of the government to protect natural forests, between 1990 and 2010 the country lost about 6.2 million ha (5.4% of the country's land area), which corresponds to an average annual rate of 310,349 ha/yr. The areas with the highest loss were concentrated in the Amazon (36%) and in the Andean (32%) regions. Recent estimates from IDEAM indicate that for the most recent years (2011 and 2012) the rate of deforestation has dropped to 147,946 ha. The main drivers of deforestation, as reported in the R-PP, include: the advancement of the agriculture frontier (primarily pastures), establishment of illegal crops, colonization and resettlement of displaced people, new infrastructure, illegal logging, forest fires and mining – largely informal but a key component of economic growth in the National Development Plan 2010-2014 (Plan Nacional de Desarrollo). Agriculture activities and infrastructure development are also considered important elements in the plan. It is estimated that 34% of National Parks and 15% of the forest reserves are impacted by mining activities. It is important to consider that the current National Development Plan 2010-2014 outlines five major drivers of development for the country: 1) Agriculture, 2) Mining, 3) Infrastructure, 4) Housing and 5) Innovation. As the first four could have direct impact on deforestation processes, it becomes paramount for the REDD+ strategy to generate a thorough understanding of the potential implications for the forest sector and promote mechanisms for inter-sectoral dialogue and coordination.

### **2. Climate change and REDD + agenda in Colombia**

The National REDD + Strategy (ENREDD+ for its acronyms in Spanish), together with the Colombian Strategy for Low Carbon Development, the National Plan for Climate Change Adaptation, and the Financial Protection Strategy against Disasters, is part of the country's key

strategies for managing climate change. It has been included in several policy documents such as the National Development Plan (2010-2014) and the Climate Chance Policy for Colombia (CONPES 3700) to ensure its domestic adoption. The ENREDD+ is expected to have a positive impact on the livelihoods and well-being of Indigenous Peoples, Afro-Colombian and campesino communities, facilitated by international support under the UNFCCC.

Given Colombia's geophysical and ethnic diversity, with different levels of regional development and diverse cultural and social conditions, the National Development Plan (2010-2014) established a regional development approach. In line with this perspective, Colombia has adopted a subnational approach to REDD+ during the preparation phase under which it proposes to advance the participatory development of Regional Plans based on the specificities of each of its five eco-regions: (i) Andean; (ii) Amazon; (iii) Pacific; (iv) Orinoquía; and (v) Caribbean. The identification of strategic options as well as the Strategic Environmental and Social Assessment (SESA) process will begin with the participation of key stakeholders at the regional level and will subsequently be consolidated at the national level into a national REDD+ strategy. The two priority regions identified are the Amazon and the Pacific, as they contain the majority of the country's forests. The Ministry of Environment and Sustainable Development (MADS acronym in Spanish) through its Directorate for Forests, Biodiversity and Ecosystem Services (DBBSE acronym in Spanish) and under the coordination of the Vice-Minister's office, is in charge of defining and guiding the national REDD+ strategy with the support of other government agencies such as IDEAM. Many different donors and implementing agencies are now supporting activities related with the development of the ENREDD, such as the German Agency for International Cooperation (GIZ), the United Nations program on REDD (UN-REDD) and the Forest Carbon Partnership Facility (FCPF), among others. To date, 50 early REDD activities have been identified in the country covering an area of 17 million ha.

The first step into the development of the ENREDD was the production of a Readiness Preparation Proposal (R-PP) that includes: (i) an assessment of the country's situation with respect to deforestation, forest degradation, sustainable management of forests and related governance issues, (ii) identifies gaps and actions to develop REDD+ strategy options; (iii) a management framework to manage key social and environmental risks and potential impacts associated with REDD+; (iv) a route towards a reference emissions level; and (v) a design of a forest monitoring system to measure, report and verify the effect of the REDD+ strategy on forest cover change and drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+ strategies.

In the process of preparation of the R-PP, the Government of Colombia has identified eight preliminary strategic options, together with a set of actions for each option that are envisaged to constitute the backbone of the ENREDD+. These include: i) Land use planning; ii) Strengthening the capacities of local communities for the sustainable management and conservation of natural forests; iii) Promoting the planning, sustainable use, protection and restoration of forest ecosystems; iv) strengthening forest governance; v) Developing economic instruments, payments for environmental services, and green markets in order to promote forest conservation; vi) promoting sustainable practices in the development of sectoral activities (agriculture, cattle, mining, infrastructure, oil, tourism); vii) Promoting the management of National Protected Areas and their buffer zones; and viii) Promoting forest conservation and sustainable use within the program for alternatives to illicit crops. It is expected that the development of the ENREDD+ will have a positive impact on the livelihoods of indigenous, Afro-Colombian, and campesino communities.

### **Relationship to CAS**

The Project is consistent with the World Bank Group Country Partnership Strategy (CPS)

2012-2016 for Colombia (Report 60620-CO), discussed and endorsed by the Executive Directors on July 21, 2011, which supports the country's development goals as expressed in the National Development Plan 2010-2014. Bank support is focused on three strategic themes: (a) Expanding Opportunities for Social Prosperity; (b) Sustainable Growth with Enhanced Climate Change Resilience; and (c) Inclusive Growth with Enhanced Productivity. The objectives of the proposed FCPF operation are well aligned with strategic theme (b) of the CPS. The CPS acknowledges that Colombia "faces great challenges and opportunities on the green environment side related to protecting critical ecosystems, developing strategies and instruments for the sustainable use and protection of its rich forest resources, and taking advantage of the new climate financing instruments under development. The country's remarkable efforts to protect large amounts of its national territory put it in an excellent position to emerge as a leader in forest protection and environmental management."

The Government of Colombia (GoC) and the World Bank have a long-standing and deep engagement on the environmental agenda. In recent years, the Bank has been actively assisting the GoC with a policy-based program of reforms that have been accompanied by a program of technical assistance under the Sustainable Development Investment Project. In addition the Bank's Programmatic Knowledge Services (PKS) for Colombia Environment, Natural Resources Management and Extractive Industries supports the GoC's agenda on these sectors, laying out the ongoing and future activities by the Bank. This policy and knowledge engagement has gone hand in hand with a number of grant-financed and carbon finance activities. These activities include but are not limited to the Global Environment Facility (GEF) Integrated National Adaptation Project, a national program to define and implement specific pilot climate change adaptation; the GEF-funded Colombian National Protected Areas Conservation Trust Fund Project that supports the development of the National Protected Areas System by consolidating a Biodiversity and Protected Areas Trust Fund; and the GEF Sustainable Cattle Ranching Project, which supports the development of silvopastoral cattle ranching systems that greatly improve environmental management, provide financial and economic benefits to participating cattle farms, and incorporate an environmental services payment element for development of critical biodiversity corridors. Colombia also is part of the BioCarbon Fund with the following operations: San Nicolas CDM Reforestation Project, Reforestation of Degraded Land in the Caribbean Savannah, and Commercial Reforestation of Lands Dedicated to Extensive Cattle Grazing Activities – Magdalena Bajo Seco. The FCPF REDD+ Readiness operation will coordinate and be aligned with existing Bank operations as well as with new operations that are under preparation such as the BioCarbon fund Initiative for Sustainable Forest Landscapes (ISFL) and the "Forest Conservation and Sustainability in the heart of the Colombian Amazon" project. The ISFL provides performance-based payments for countries to scale up land-management practices across large landscapes, including improved livestock management, climate-smart agriculture, and sustainable forest management, with a focus on protecting forests and greening and securing supply chains. The "Forest Conservation and Sustainability in the heart of the Colombian Amazon" project aims to improve governance and promote sustainable land use activities in order to reduce deforestation and conserve biodiversity in the Colombian Amazon Forests, focusing on the Parque Nacional Natural Serranía de Chiribiquete.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s)**

The Project Development Objective is to support a participatory and inclusive process with key stakeholders for the preparation of Colombia's REDD+ strategy.

### **Key Results**

- The institutional capacity of the MADS is strengthened to conduct a participatory and inclusive process for the preparation of the national REDD+ strategy.
- Stakeholder participatory platforms at the regional and national level are established and a process of a free, prior and informed consultation for the preparation of the national REDD+ strategy.
- An Environmental and Social Management Framework (ESMF) is prepared with feedback from key stakeholders.
- An accessible feedback and grievance redress mechanism (FGRM) for REDD+ is designed and ready to be implemented.

### III. Preliminary Description

#### Concept Description

The Readiness Preparation Proposal (R-PP) prepared by the Government of Colombia identifies the necessary activities to strengthen Colombia's technical and institutional capacities to participate in a future REDD+ mechanism. The overall financial envelop needed for achieving REDD+ Readiness in Colombia has been estimated to US\$ 29.3 million (as per the final version of the R-PP dated September 2013). Since 2011, Colombia has already implemented various activities under the REDD+ preparation process with the support from different sources, which include multilateral and bilateral financing arrangements, in addition to the Colombian government's own contribution. The proposed FCPF grant would focus on a subset of component and activities of the R-PP (see table 1 below): this subset of activities was selected jointly with MADS, taking into account the following criteria: (i) comparative advantage of the World Bank, and (ii) complementarity with activities financed by other donors and government . As shown by below table 1, the FCPF operation would only support three out of the six components presented in the R-PP (for more information on the general budget of the REDD+ Readiness preparation activities, as presented in the R-PP, please refer to Annex 3). It is important to highlight that the FCPF support is limited to analytical studies, capacity building, and consultation processes at the national and sub-national levels and would not include any physical investment or the implementation of any REDD+ program on the ground. .

Table 1: Synopsis of proposed Readiness Preparation activities to be financed by the FCPF grant and contributions of other donors (in thousands of US\$)

COMPONENT 1: REDD+ Readiness Organization and Consultation (FCPF amount: \$2,850,000)

Sub-Component 1.a.: National Readiness Management arrangements  
(FCPF amount: \$1,750,000)

Context: The REDD+ Readiness is a complex and challenging process. To be successful, it requires a combination of technical expertise. MADS has the overall responsibility to prepare the national REDD+ strategy for Colombia and it will do so through a participatory and inclusive process. FCPF Support: The FCPF grant would support the efforts initiated by MADS to strengthen a team of multi-disciplinary experts to coordinate and support the design of the REDD+ strategy. It would also ensure a full participation of government's representatives to the international negotiations on

REDD+. Finally, this sub-component would also support the design of a Feedback and Grievance Redress Mechanism (FGRM) for REDD+ and strengthen processes in handling feedback requests and complaints paying particular attention to facilitating access to this mechanism by communities. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- Recruit technical experts (both full-time and part-time) to support the MADS in preparing a REDD+ strategy at a national and regional levels. In addition, it would finance an assessment to identify corruption risk related with REDD+ and the design of a mitigation plan to address them;
- Ensure participation of MADS' delegates in REDD+ international negotiations (including travel expenses);
- Design a FGRM for REDD+. This activity would cover (i) the review of existing structures and practices, (ii) the implementation of a technology-based FGRM to manage grievances; (iii) the capacity building and training of institutions and local communities on the FGRM as well as managing grievances and handling conflict resolution and (iv) the dissemination of information about the FGRM, grievance mechanism and conflict resolution activities.

Sub-Component 1.b.: Stakeholder Consultation and participation  
(FCPF amount: \$1,100,000)

Context: MADS will build a highly participatory process with key stakeholders, especially with Indigenous Peoples, Afro-Colombian communities and campesinos, at the regional and national levels in the process of designing the national REDD+ strategy. As part of an evolving participatory process, MADS will carry out free, prior and informed consultations on the national REDD+ strategy with Indigenous Peoples, Afro-Colombian communities and campesinos in close coordination with the Ministry of Interior given their national institutional mandate on consultations with communities.

FCPF Support: The FCPF grant would support the information sharing and the consultation process at the regional and national level with key stakeholder to inform the preparation process of the national REDD+ Strategy. To this end, the FCPF grant would identify and strengthen existing participatory platforms, and would support regional mechanisms to foster a continuous dialogue on REDD+ with Indigenous Peoples, Afro-Colombian communities and campesinos. Additionally, technical consultations would be carried out with relevant stakeholders such as government ministries and regional governments, the private sector and unions, as well as with civil society organizations.

A participation and consultation plan would be prepared by the social expert to be recruited under Component 1a, based on the national legal framework, the country's commitment to follow the requirements of ILO Convention 169 and the principles of the UN Declaration of the Rights of Indigenous Peoples (UNDRIP). A differentiated consultation process that is culturally adequate would be followed in the case of Indigenous Peoples and Afro-Colombian communities as per World Bank Operational Policy on Indigenous Peoples (OP 4.10) in seeking broad community support for the National REDD+ Strategy. As part of the consultation methodology, special attention would be paid to women in order to understand their specific issues and concerns and to promote gender parity. A comprehensive communications strategy would support the participation and consultation processes at the regional and national levels.

Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- Review, define and propose protocols and platforms in strengthening participation of key stakeholders at the national and regional levels;

- Organize meetings for information dissemination and consultation process with Indigenous Peoples, campesinos, Afro-Colombian communities and women groups;
- Implement the communications strategy, through consultancy services, workshop and production of communication material.

**COMPONENT 2: Assessment of social and environmental impact (FCPF amount: \$630,000)**

Context: In line with the eco-region approach taken by the Government of Colombia in the development of the national REDD+ Strategy, the SESA process will also first build on regional dialogues in each of the five eco-regions (Pacific, Amazon, Andean, Orinoquia and Caribbean) and then consolidate at the national level. As a matter of fact, Each of the five eco-regions have distinct social and environmental contexts for which stakeholders will identify and prioritize the drivers of deforestation and raise differentiated key issues regarding the REDD+ strategic options to address them. As of September 2014, the regional dialogue on potential social and environmental impacts of REDD+ has already been concluded in the Pacific region.

FCPF Support: The FCPF grant would support the continuation and finalization of the SESA process in Colombia, building on the outcomes of the dialogue already conducted in the eco-region of Amazonia. It would complement the consultative process with analytical work on key issues identified during the consultation process. It would also support the finance consultancy services, non-consulting services and operating costs to:

- Support the completion of the regional dialogue in the Amazonia region and carry out activities in three other eco-regions (Andean, Orinoquia and Caribbean) as well the national dialogue on potential social and environmental risks impacts of REDD+, as part of the SESA participatory process;
- Conduct diagnostic studies and analysis on the key issues identified by stakeholders in order to generate policy recommendations as a contribution to the national REDD+ strategy design. Since the need for such diagnostic studies will come up during regional and national dialogues, specific thematic cannot be defined at this stage;
- Prepare an Environmental and Social Management Framework (ESMF) to manage potential social and environmental risks and impacts in the implementation phase of the national REDD+ strategy.

**COMPONENT 3: Program monitoring and evaluation framework (FCPF amount: \$120,000)**

Context: The M&E activities for the REDD\_ Readiness program, as described in the R-PP, aims at monitoring progress with respect to each of the components, for example, the schedule of activities to be undertaken, the outputs and the final outcome using simple indicators and serves to provide real time feedback to the government and other stakeholders of how well the preparatory work towards REDD+ readiness is progressing.

FCPF Support: The FCPF grant would cover the third party independent audits, as required by World Bank procedures.

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		

Forests OP/BP 4.36	x		
Pest Management OP 4.09			x
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

## V. Financing (in USD Million)

Total Project Cost:	0.20	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Readiness Fund of the Forest Carbon Partnership Facility			0.20
Total			0.20

## VI. Contact point

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