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The World Bank

Report No: 35125 - CO

PROJECT DOCUMENT

ON A

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF USD 15 MILLION

TO THE

FUNDACION FONDO DE APOYO A LA BIODIVERSIDAD Y LAS AREAS PROTEGIDAS (FUNBAP)

FOR A

COLOMBIAN NATIONAL PROTECTED AREAS CONSERVATION TRUST FUND PROJECT

February 22, 2006

Colombia and Mexico Country Management Unit
Environmentally and Socially Sustainable Development Unit
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS
(as of February 22, 2006)

Currency Unit = Peso (ColP$)
ColP$2,253.42 = US$ 1.0
US$0.0004 = ColP$1.00

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

APASCI	*Agencia Presidencial para la Acción Social y la Cooperación Internacional*
ARRNSC	Private Natural Reserve Association
ASOCARS	Association of Regional Autonomous Corporations
CAR	Regional Autonomous Corporation
CATIE	Tropical Research and Education Agronomy Center
CBD	Convention on Biological Diversity
CI	Conservation International
CORPACOT	Corporation for Environmental and Cultural Protection and Territorial Ordering
CIPAV	Center For Research on Sustainable Agricultural Production Systems
CVC	Regional Autonomous Corporation for the Valle del Cauca Department
DANE	National Statistics Department
DNP	National Planning Department
ECOFONDO	Colombian Environmental Trust Fund
ES	Environmental Services
ETF	Endowment Trust Fund
ETIs	Indigenous Territorial Entities
Etnollano	Colombian NGO working with indigenous communities
Fedesarrollo	Colombian economic think tank
FMCN	*Fondo Mexicano para la Conservación de la Naturaleza*
FONAM	National Environmental Fund
FUNBAP	Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas
FUNDESNAP	Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas (Bolivia)
GEF	Global Environment Facility
GoC	Government of Colombia
IAvH	Alexander von Humboldt Institute of Biodiversity
IGAC	Augustín Codazzi Geographical Institute
ICA	Incremental Cost Analysis
ICR	Implementation Completion Report
ISA	International Standards on Auditing
ISR	Implementation Status Report

IP	Indigenous Peoples
IPDF	Indigenous Peoples Development Framework
MAVDT	Ministry of the Environment, Housing and Territorial Development
M&E	Monitoring and Evaluation
MIS	Management and Information System
MP	Management Plan
MPA	Marine Protected Area
MTR	Mid-Term Review
NITLAPAN	Institute of Research and Development of the University of Central America
NGO	Non-Governmental Organization
NNPS	National Natural Parks System
NP	National Natural Park
NPAS	National Protected Areas System
NPD	National Planning Department
ONIC	National Indigenous Organization
OM	Operational Manual
OP	Operational Program
OPIAC	Organization of Indigenous Peoples from the Colombian Amazon
PA	Protected Area
PIU	Project Implementation Unit
PES	Payments for Environmental Services
PIP	Project Implementation Plan
PMR	Project Monitoring Report
POA	Annual Operational Plan (Budget)
POT	Territorial Ordering Plan (*Plan de Ordenamiento Territorial*)
PSPC	Policy of Social Participation in Conservation
PROFONANPE	Perú Fondo Nacional Para Áreas Naturales Protegidas por el Estado
SINA	National Environmental System
SOE	Statement of Expenditure
SSC	Sustainable Systems Strategy for Conservation
TFCA	Tropical Forest Conservation Act
TNC	The Nature Conservancy
UMATA	Municipal Agricultural and Technical Assistance Center
UAESPNN	Administrative Unit of the National Natural Park System
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
WWF	World Wildlife Fund

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COLOMBIA
Colombian National Protected Areas Conservation Trust Fund

CONTENTS

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

1. Colombia is among the world's five richest countries in terms of biodiversity (Mittermeier, 1998). With an area of 1.1 million square kilometers, Colombia represents 0.8% of the world's surface and is home to 15% of all known terrestrial species. The country possesses 18 ecological regions (WWF/World Bank Report, 1996), the second highest in Latin America, and 65 ecosystem types (Humboldt Institute, 1998).

2. Protected Areas (PAs) of various categories and collectively-owned ethnic territories represent 37% of Colombia's territory (see Annex 1). A high proportion of this natural endowment is contained in a National Natural Parks System (NNPS) comprising 51 national parks. Other PA types and collectively-titled ethnic territories, the latter of which are not legally considered PAs, represent enormous potential for biodiversity conservation and sustainable use. All such areas can potentially form a more inclusive and comprehensive National Protected Areas System (NPAS).

3. The National Parks Administrative Unit (UAESPNN) is responsible for coordinating the NPAS's consolidation, with the following objectives to: i) increase the representativeness of ecosystems contained in the NNPS, ii) validate various PA categories, and iii) incorporate social and cultural considerations into territorial and environmental strategies.

4. Despite important advances in Colombia's legal framework and institutional capabilities, several factors limit the effectiveness of biodiversity conservation in the NPAS, including: (i) pressures on natural resources due to widespread poverty and unsustainable production models; (ii) financial constraints; (iii) limited inter-institutional coordination; (iv) low levels of community organization, and (v) minimal local benefits derived from sustainable production and conservation initiatives.

5. The project's establishment of a Biodiversity and Protected Areas Trust Fund, *Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas* (FUNBAP), will address such threats. The Fundación will manage an endowment fund and execute capacity-building projects in the NPAS. FUNBAP's visibility, efficiency and transparency are expected to leverage significant resources. A wide representation on FUNBAP's management board will promote inter-institutional coordination and transparency. Additionally, FUNBAP will finance conservation and sustainable production activities according to local economic needs, supporting decentralized activity execution.

6. The project supports enlarged conservation mosaics[1] rather than "core" protected areas. Conservation mosaics are here defined as systems including a national park as "core" conservation areas and integrating other PA management categories and sustainable production systems in rural landscapes. This concept supports the social, ecological and financial sustainability of selected PAs. Additionally, the project proposes this concept due partly to Colombia's situation of violence and insecurity (see Annex 21). Unable to impose conservation mandates that are opposed to local interests, UAESPNN designed the project to support increased community participation in local environmental planning and to build upon the Unit's Policy of Social Participation in Conservation. Conservation mosaic management strategies will promote sustainable production systems, including bio-commerce and eco-tourism, seeking local benefit generation and local

[1] While "corridors" are usually defined based on biological considerations, Conservation Mosaics are defined in this proposal as networks of protected areas and complementary landscapes (see annex 19). Conservation mosaics build upon existing social and institutional arrangements to ensure conservation and local benefit objectives. Working with conservation mosaics emphasizes the need to complement national parks with other management and conservation strategies, while promoting the sustainable use of biodiversity and local development through benefit sharing with local communities.

appropriation for conservation strategies. Participatory and sustainable conservation initiatives developed in this project will also contribute to peace building.

2. Rationale for Bank involvement

7. The project supports the creation of *Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas* (FUNBAP) as an innovative, specialized financing vehicle with resource leveraging potential. It will contribute to the environmental sector's financial sustainability, institutionality, coordination and visibility, supporting the consolidation of the National Protected Areas System (NPAS). FUNBAP will also improve the governance, coordination, and cost-effectiveness of resource management and quality of reporting.

8. The proposed project is a strategic vehicle to scale up Bank involvement in Colombia. The project will guarantee government baseline funding for selected national parks' recurrent costs, building upon existing resources and improving their effectiveness. Colombia is implementing an active GEF/WB portfolio supporting specific national parks and conservation and sustainable use in rural landscapes. However, no project has supported the NPAS or adequately developed long-term financial sustainability mechanisms. This project would capitalize on past GEF/WB investments, increasing Bank leverage in terms of policy dialogue and domestic and international financing.

9. Additionally, the GEF/WB has a comparative advantage in creating and capitalizing Conservation Trust Funds. Active donors in Colombia continue to look to the GEF/WB to lead this initiative. Best practices are widely available and are being applied to the Fund's design. The WB project team includes specialists in trust fund development with expertise in several Latin American countries which have established Conservation Trust Funds.

3. Higher level objectives to which the project contributes

10. The project supports the objective of Strategic Priority (SP) 1 "Catalyzing Sustainability of Protected Areas" by: (a) establishing a long-term financing mechanism for key protected areas in Colombia, and (b) consolidating fourteen conservation mosaics, to encompass national parks, buffer zones and surrounding landscapes. Global biodiversity benefits will result from: (i) consolidating PAs with globally important biodiversity; (ii) supporting ecological connectivity, and (iii) improving ecosystem resilience to climate change. The project also contributes to GEF Operational Program objectives relating to the conservation and sustainable use of biological diversity, resources under threat and endemic species in: (i) OP 2 - coastal, marine, and freshwater ecosystems; (ii) OP 3 - forest ecosystems, and (iii) OP 4 - mountain ecosystems.

11. The Country Assistance Strategy's principal directive is to support economically and ecologically sustainable development for national reconciliation and durable peace. The project will contribute to this objective and has been specifically included in the Country Assistance Strategy.

B. PROJECT DESCRIPTION

1. Lending instrument

Grant from the Global Environment Facility.

2. Project development objective and key indicators

12. The project development objective is to support the development of the National Protected Areas System by consolidating a Biodiversity and Protected Areas Trust Fund. FUNBAP was established as a private-sector foundation with a private-sector majority on its board and a mandate to execute public-sector conservation policies related to the NPAS[2]. The Trust Fund will manage both endowment and sinking funds: the endowment will support incremental, recurrent costs in the NPAS, while the sinking funds will undertake direct investments in selected conservation mosaics.

13. The project is innovative in two main aspects. First, the project adopts the concept of conservation mosaic to: consolidate national parks; scale up landscape biodiversity conservation in PAs[3]; support decentralized project execution through local committees and subsidiary agreements; conserve endangered species in rural productive landscapes[4]; fill ecosystem representation gaps; gain social legitimacy and governance; and support income-generating, biodiversity-friendly sub-projects[5]. Second, a competitive selection process will be undertaken in the project's third year whereby conservation mosaics and parties interested in signing on to the endowment will be rated according to biodiversity criteria, resource management and degree of consolidation. Project PAs with the highest ratings will sign on to the endowment to receive financial resources to cover their incremental, recurrent costs to perpetuity.

Key project outcome indicators are:

(i) FUNBAP established and operational, with at least US$15 million in its endowment;
(ii) at least 2 million hectares of core conservation areas (national parks) and 20% of the surrounding territories within the respective conservation mosaics under improved management systems;
(iii) conservation mosaic work plans arising as a result of an integrated planning process linking national park objectives and surrounding landscapes' development plans in project areas by project-end;
(iv) 90% of baseline natural vegetation cover maintained in core conservation areas, and
(v) ecological connectivity improved in at least 3 delimited conservation mosaics.

3. Project components

14. Total project cost is US$42.4 million, of which the GEF will finance US$15 million. The project will have three components: (i) Capitalization of Endowment and Consolidation of FUNBAP; (ii) Conservation Mosaics Program, and (iii) Project Management and Institutional Coordination. The costs of each component and subcomponent are summarized in Table 1 of Annex 4.

Component 1: *Capitalization of Endowment and Consolidation of FUNBAP* (US$8.1M GEF; US$15.9M Total)

15. The objectives of this component are to capitalize the endowment, design and implement a financial capitalization strategy, which shall include diverse mechanisms and various financial resources, and effectively channel resources to the NPAS. FUNBAP is structured to allow for the constitution of additional sub-accounts and Steering Committees to be managed according to the

[2] The proposed fund institutional structure, described in Annex 18, finds support in Colombian legislation.
[3] This proposal is in line with the current recommendation of scaling-up conservation at the landscape level (World Conservation Union) www.iucn.org
[4] The Conservation and sustainable use of biodiversity in the Andean Region project (GEF Andes) is developing concepts and tools for biodiversity management in rural landscapes.
[5] The UAESPNN has important experience in the promotion of sustainable productive systems for conservation in buffer zones of National Parks (Ecoandino Project, see Rojas, A. Ed. (2005).

various donors' requirements. The project will support the consolidation of administrative arrangements according to best practices and strengthen inter-institutional coordination (See Annex 18).

16. FUNBAP's structure contains two innovative features. First, the Fund will manage two types of funds: sinking funds to direct capacity-building investments in fourteen conservation mosaics, and an endowment fund whose returns will finance recurrent costs for at least 3 conservation mosaics. Second, FUNBAP will finance various biodiversity conservation strategies, including national parks, regional reserves, private reserves and ethnic territories.

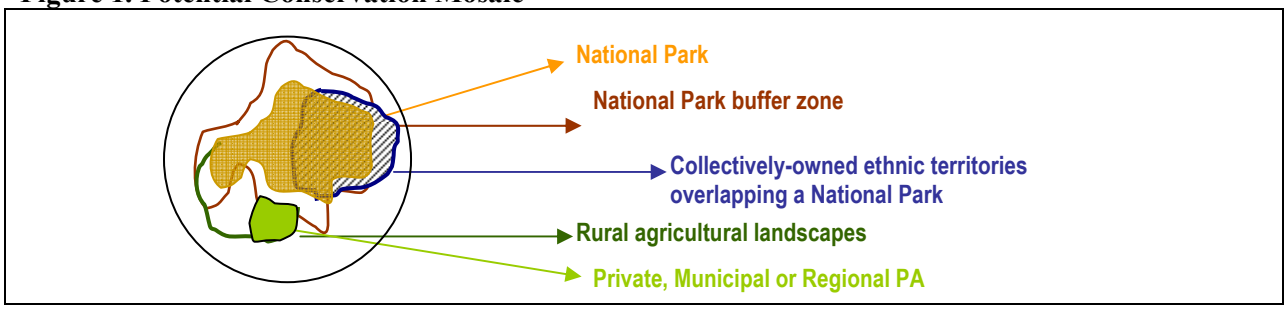
17. This component will establish and capitalize the endowment. During the third year of execution, a competitive selection process will be undertaken to select PAs that will receive financial resources. While at least 65% of endowment fund revenues will be used to cover recurrent costs of selected national parks, 35% of revenues will be destined to other PA categories.

Component 2: *Conservation Mosaics Program* (US$5.1m GEF; US$23.6M Total)

18. This component's objective is to support the consolidation of fourteen conservation mosaics (9 using GEF resources and 5 corridors using TFCA resources), to include national parks, other PAs, buffer zones and surrounding landscapes. Project areas were selected using biological criteria (i.e., global biodiversity importance and increased ecosystem representation) and socio-institutional criteria (Annexes 19 and 20).

19. During the first two years of project execution, FUNBAP will undertake baseline assessments, conservation mosaic delimitation and establish local execution committees. Committees will select conservation and sustainable production sub-projects to be implemented from the project's third year onward. The following diagram represents a potential conservation mosaic, established with a national park and buffer zone at its "core" and integrated to complementary PAs, ethnic territories and rural productive landscapes. Most mosaics will likely include fewer actors.

Figure 1. Potential Conservation Mosaic



20. Key activities in support of this component will include: design and implementation of conservation programs (including national park management plan implementation), management strategies and sustainable production systems within conservation mosaics, and provision of support to potential beneficiaries (including technical assistance and training) to assist in the design and identification of sub-project proposals. GEF investments in conservation mosaics will maintain a ratio of 65% of resources directed to national parks and 35% to surrounding PAs and/or productive landscapes[6]. The project will allocate resources to other PAs and landscapes in order to

[6] This ratio was determined following an agreement with the National Parks Unit.

promote local community benefits, involvement and appropriation of project activities related to conservation and sustainable natural resource use.

21. Investments in national parks will be selected according to "key management issues" contained in existing management plans, seeking cost-effectiveness and maximum impact on biodiversity conservation. UAESPNN is responsible for coordinating the implementation in national parks.

Component 3: *Project Management and Institutional Coordination* (US$1.8 m GEF; US$2.9M Total)

22. The main objectives of this component are to improve FUNBAP and UAESPNN's institutional capabilities for consolidating the National Protected Areas System, project management and dissemination. This component will support the operation of FUNBAP's technical units, which will hire and train sufficient staff to undertake key project functions, including: (a) activity coordination; (b) procurement, disbursement and financial execution; (c) financial reports and annual work plans; (d) annual execution reports; (e) the design and implementation of a public dissemination campaign; (f) the establishment of regional committees to discuss and apply lessons learned during conservation mosaic application and link to the NPAS consolidation process; (g) improved inter-institutional coordination between FUNBAP and UAESPNN in support of project execution, and (h) implementation of the project's M&E system. Long-term sustainability of this organizational structure will be supported by charging competitive management fees and/or through self-generated returns.

4. Lessons learned and reflected in the project design

23. **Conservation Trust Fund Best Practices.** International experience points to the benefits of Conservation Trust Funds (CTFs): they promote funding and planning of environmental activities, leverage long-term resources for conservation, promote resource coordination and strengthen institutional mechanisms. Key lessons applied to the project are that funds should have independent legal structures, representative and qualified board membership and stable objectives in order to withstand volatile political environments.

24. The GEF is the main financing agency for conservation trust funds, supporting 23 CTFs around the world and investing US$595.6 million over the past 10 years. Best practices and lessons learned from related projects (see Annex 2) have been incorporated in FUNBAP's legal and operational structure, including:

- Mixed private-public management boards, and independence from political volatility;
- Clear and measurable goals and objectives and a results-oriented management culture;
- Active board members who are prepared to commit their time, engage in fund policy-making and leadership and build support with varied constituencies;
- Harmonization between the fund and national environmental policies and commitments;
- Competent staff, especially a strong Executive Director;
- Strong technical and financial capabilities and effective use of training, mentoring and technical assistance resources to build capacity.
- Constructive relationship with government agencies and other relevant organizations;
- Financial and administrative discipline, combined with program flexibility and transparency;
- Wide stakeholder involvement;
- Long-term financial and institutional sustainability, and
- Prudent endowment fund management, including: competitive Asset Manager selection, a diversified investments portfolio, high-quality reporting, and oversight by fund and board.

25. **Local Community Participation and Co-Execution.** The importance of involving local communities in project formulation and implementation is the main lesson learned from previous and ongoing UNDP and WB-GEF projects in Colombia (see Annex 2). Experience in the **Matavén** and **Naya** GEF-MSPs demonstrates the positively reinforcing relationship between local land governance and biodiversity conservation. The **WB Productive Alliances Support** project implemented an effective, decentralized project implementation model. The **WB Peace and Development** project contains decentralized project execution, with local committees deciding investment priorities, submitting annual work plans and executing resources. The **UAESPNN** has also obtained experience in participatory management strategies and Management Plans in the NNPS through its social policy of participation in conservation.

26. **Sustainable Natural Resource Management.** The **WB/GEF-FSP Conservation and Sustainable Use of Biodiversity in the Andes Region Project** is implementing conservation and sustainable production activities in rural landscapes. Directly relevant to the project is the application of biological corridors and incentives to promote biodiversity-friendly activities in agricultural production systems. Similarly, the **WB/GEF-FSP Regional and Integrated Silvopastoral Approaches to Ecosystem Management Project** pays and provides technical assistance to livestock producers who undertake biodiversity-friendly land use changes. This project has demonstrated that payments for environmental services have been successful in promoting biodiversity-friendly land use changes.

27. **PA Consolidation.** The **Andes** Project contains a PA component consolidating national parks, regional protected areas systems and civil society reserves. Lessons learned from this component include: (i) Management plans are useful to promote conservation in national parks; (ii) activities executed by national parks demand supervision, but contribute to UAESPNN's management capabilities; (iii) national parks achieving the best levels of consolidation have obtained higher levels of community participation; (iv) the PSPC has been a fundamental tool for the execution of national park and buffer zone activities; and (v) the Private Natural Reserve Association has contributed significantly to the creation of new PAs, surpassing Mid-Term Review expectations. **UAESPNN**, as NPAS coordinator, has supported several local and regional protected areas systems with the participation of other institutions, including Regional Autonomous Corporations (CARs). Some of these regional systems are well established and remain under CAR management.

5. Alternatives considered and reasons for rejection

28. The project will establish and consolidate a new private-sector foundation to support the consolidation of fourteen conservation mosaics and the long-term financial sustainability of the National Protected Areas System. This approach was chosen after discarding the following options:

29. **Using an existing fund.** Colombia's existing trust funds do not satisfy World Bank/GEF operational and administrative requirements. In existing mechanisms, FUNBAP would constitute a sub-account, limiting its scope of action and impact. Established funds have broad environmental objectives and a limited capacity to attract and coordinate PA investments from a wide range of donors. The objective of consolidating various sources of funds to achieve greater efficiency would not be met.

30. **A fund only for national parks.** This alternative does not meet the objective of including the important landscapes that will form part of conservation mosaics. Second, the GoC is committed to developing a NPAS that consolidates various management categories. These include regional

reserve networks, municipal reserves, civil society reserves, and collectively-owned ethnic territories. The government's vision is for an integrated system which includes various management categories and supports complementary conservation and sustainable use activities.

31. **A project with a less focused geographical intervention.** The project initially considered selecting national parks, other PA categories and rural landscapes in locations that were neither contiguous nor complementary. This alternative would not yield the biodiversity benefits of conservation mosaics and connecting corridors.

C. IMPLEMENTATION

1. Partnership arrangements (if applicable)

32. The project's main partnerships for co-financing and coordination purposes include:

33. **Project Co-financing.** The principal co-financing source comes from a US$8.6 million debt-for-nature swap signed with the US Government under the Tropical Forest Conservation Act and a US$1.4 million complementary donation made by 3 NGOs (World Wildlife Fund, The Nature Conservancy, and Conservation International). The debt-for-nature swap will capitalize the endowment fund in US$5 million and execute complementary investments in conservation mosaics for US$4.5 million. A *coordination agreement* between the TFCA Oversight Committee and the FUNBAP will be signed in order to guarantee management and investment coordination.

34. A bi-lateral donation from the Government of the Netherlands has been secured in the sum of US$260,000 for FUNBAP's consolidation and management during its first year of operation. This donation represents 49% of the GEF's financing for this activity (US$616,745) and will support the following objectives: (i) supporting the fund's procedures and administrative processes; (ii) defining strategic action plans for the fund; (iii) improving the monitoring and evaluation system; and (iv) strengthening the National Parks Service institutional capacity.

35. **Parallel Financing.** The GoC recently concluded negotiations with the Government of the Netherlands regarding two projects: (i) institutional strengthening activities in the NPAS and investments in selected key management issues of 20 national parks, to coincide with the project's conservation mosaics, and (ii) Amazon region PA management plan implementation. Funds will not be pooled, but operations in project areas will, by common agreement, be closely coordinated in day-to-day activities, planning, technical coordination, monitoring and implementation.

36. **Local Co-financing.** Written commitments have been signed by UAESPNN and various regional autonomous corporations. A Memorandum of Understanding arising from the PA Working Plan approved at the seventh CBD-COP conference in Kuala Lumpur was also signed between UAESPNN and various entities. Its themes are related to the project's objectives and their development will be coordinated during project implementation.

2. Institutional and implementation arrangements

37. A *grant agreement* will be signed between the World Bank (as GEF implementing agency), FUNBAP, the Presidential Agency for Social Action and International Cooperation, and UAESPNN. The GoC decided to create FUNBAP as a new, private-sector foundation and a majority private-sector representation on its board, while executing public-sector policies (see Annex 18). FUNBAP will be the project's grant recipient and executing agency. FUNBAP's responsibilities will include: (a) overall project implementation; (b) procurement; (c) project

financial execution and accounting; (d) technical and administrative monitoring and oversight; (e) fundraising; and (f) establishing and managing the various investment accounts. FUNBAP will be given major responsibilities quickly. Therefore, acquiring know-how and institutional capacity is a top priority.

38. An *implementation agreement* between UAESPNN and FUNBAP has been signed defining each institution's responsibilities and functions. These are further specified in the project operational manual. The UAESPNN is responsible for: i) national park work plan elaboration and the submission of selected items for financing by FUNBAP; ii) coordination and supervision of project activities in national parks; iii) supporting FUNBAP in its participatory process to delimit, define activities and objectives in conservation mosaics; iii) executing activities related to NPAS consolidation; iii) monitoring project implementation and conservation impact in national parks; iv) participating in the project Steering Committee and in FUNBAP's board of directors, and v) coordinating its own fundraising efforts with FUNBAP. While UAESPNN will define work plans for each national park, FUNBAP will approve partial financing of these work plans following its own mission and objectives. Final project work plans will include aspects to be financed in national parks and activities to be financed in the surrounding lands forming part of mosaics.

39. Upon the formation of local execution committees in conservation mosaics and the signature of voluntary cooperation agreements, FUNBAP may sign *subsidiary agreements for sub-projects* with organizations belonging to local execution committees in order to execute project activities (see Annex 6). Beneficiary organizations must be duly registered, possess prior project execution experience and be eligible by the Bank to receive funds. Organizations may include: CARs, territorial entities, ethnic authorities, NGOs and grassroots organizations. A model agreement is included in the project operational manual.

3. Monitoring and evaluation of outcomes/results

40. The project's M&E system has been designed to track the evolution of: (i) financial performance and management indicators; (ii) investments in conservation mosaics and their impact on biodiversity and quality of life, and (iii) project activities, outputs and indicators. The monitoring system includes a project impact monitoring plan (PIP, in project file).

41. Impact evaluation will be based on a comprehensive biological and socio-economic baseline assessment in project national parks, tracking the implementation of "key management issues" predefined in national parks. To monitor the management effectiveness in national parks, UAESPNN and the WWF designed an instrument that is consistent with the GEF SP1 Tracking Tool. The data collected will be used at baseline, Mid-Term Review and again at project completion. As well, selected indicators from this tool will be applied annually to gauge PA management efficiency and efficacy.

42. During the first two years of execution, FUNBAP will support: the delimitation of conservation mosaics, an assessment of key stakeholders and the development of relevant impact indicators to add to the M&E System. Natural ecosystem cover will be evaluated with the support of satellite images and aerial photographs. An initial mapping will be undertaken and updated by project-end, to be complemented by field information and national park execution reports.

43. The M&E System will be under the responsibility of FUNBAP's Technical Unit with specific activities carried out by UAESPNN and local stakeholders. Additionally, FUNBAP will monitor financial and procurement management, planning and direct investment implementation. Specific monitoring data will be provided on standardized report formats and will be required for Bank

supervision missions. Key data will include Bank Financial Monitoring Reports, quarterly reports from FUNBAP and the Asset Manager(s) tracking investment returns and fundraising, the WB Implementation Status Report and the Mid-Term Review.

4. Sustainability and Replicability

44. The GoC's commitment to the establishment of a Colombia Conservation Trust Fund is reflected in: (i) the debt-for-nature swap agreement negotiated with the U.S. government, which was diverted from national anti-drug efforts; (ii) commitments made during the 7th COP, and (iii) expressed support on the part of the Environment Ministry to negotiate additional debt swap agreements.

45. **Financial sustainability** is central to project design. FUNBAP will contribute to long-term sustainability by managing financial portfolios using a diversified, low-risk investment strategy, leveraging national and international resources and seeking new debt swap agreements. Additionally, FUNBAP will seek other local financing sources from payments for environmental services (PES), tax exemptions and bio-commerce, building upon the national park system's financial sustainability strategy. Financial projections indicate short, medium and long-term sustainability given attractive operational cost ratios of 20% over net income, by project-end, if no additional financing is obtained (see Annex 9).

46. **Social sustainability** of project activities will be achieved through high levels of community participation in protected area conservation and management, local capacity-building and sustainable natural resource use alternatives. Specifically, the project will support: (i) the establishment of local execution committees; (ii) co-management schemes in PAs overlapping with ethnic territories; (iii) sustainable production sub-projects and economic incentives to reverse inadequate land use and poverty; and (iv) participatory Management Plan implementation.

47. The project will promote **institutional sustainability** through the following activities: (i) greater coordination between National Environmental System institutions, (ii) public-private partnerships for conservation, and (iii) decentralized activity execution, involving institutions such as regional autonomous corporations, NGOs and other local entities. FUNBAP is being designed to support UAESPNN's execution capabilities. The project will support FUNBAP as a long term mechanism: by guaranteeing: i) greater agility, transparency, capacity, and flexibility in resource investment and management; ii) decentralized and participatory resource management, and iii) a prudent operational cost and income structure, whereby additional donations will be charged competitive management fees.

48. **Replicability** is being supported through the dissemination of pilot experiences in selected areas, standardized monitoring and reporting of lessons learned, and a public dissemination campaign. Additionally, the project will establish regional committees for coordinating activity execution and communicating lessons learned.

5. Critical risks and possible controversial aspects

Risk	Range	Risk Mitigation Measure
From Objective to Purpose		
Violence and insecurity in Colombia intensifies, impeding conservation activities in project areas	S	Areas selected are in less conflict-prone zones. The Bank will follow its own safety and project execution practices when working in sites of social unrest.
The NPAS law is not passed	M	The project may be successfully implemented even without the NPAS law.
Donor counterpart commitments to the FUNBAP endowment are not obtained	M	The project will support FUNBAP's fundraising strategy. WB/GEF involvement will attract resources. This mechanism has been tested in other countries, and in most cases, the Fund has been able to attract considerable donor financing.
Central government allocations are reduced to the National Parks System	S	The project team has obtained a commitment letter from the GoC guaranteeing stable funding to all national parks contained in the GEF-supported conservation mosaics.
From Outputs to Objective		
FUNBAP's lack of experience in project implementation leads to delay in start-up	H	FUNBAP may receive CORPACOT's prior experience, information systems and administrative and financial procedures.
National parks fail to contribute additional resources as counterpart to the FUNBAP's funds	S	National parks have diversified their income sources in their annual operational plans, covering up to 50% of their needs with international donations and over 30% with ecotourism.
Land tenure rights in PAs affect project execution	M	In national parks, UAESPNN recognizes land tenure obtained prior to the national park's creation. Such land rights will be respected during project execution. However, project execution will seek agreements with communities in national parks and remaining areas forming part of conservation mosaics.
Local communities do not appropriate or support sustainable management schemes	M	Management Plans promote local community participation and generate social and economic alternatives that improve their quality of life through sustainable production systems and organizational strengthening.
Overall Risk Rating	S	

Risk Rating-H (High Risk), S (Substantial Risk), M (Modest Risk), N (Low Risk)

6. Loan/credit conditions and covenants

Funds can only be disbursed into FUNBAP's endowment fund until after:

a. Asset Manager Terms of Reference are approved by the WB, and
b. Proof of matching funds has been provided to the Bank (1 GEF: 1 matching for endowment fund contributions, and 1 GEF: 3 matching for sinking fund contributions).

The following are the covenanted agreements:

a. GoC supports manual eradication in national parks;
b. GoC guarantees stable financing (in inflation-adjusted terms) to the national parks supported by the GEF based on 2005 reported figures, and
c. FUNBAP Executive Director and Administrative and Financial Management Unit hired and assessed by Financial Management team by March 20, 2006.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

49. **Economic Analysis.** The results of this analysis, developed in Annex 9, demonstrate that the Net Present Value of the global benefits achieved in biodiversity and carbon sequestration minus the project's direct investments in project areas, expected to reduce deforestation levels from 0.6% per annum to 0.3%, is US$7.8 million. The analysis includes the valuation of annual local benefits in the 19 national parks of water supply regulation and quality (US$131.7 million) and ecotourism (US$4.2 million).

50. **Financial Analysis.** The project team prepared detailed financial projections for FUNBAP, including endowment fund administrative expenses, required capitalization, and various return scenarios. Summary results are presented in Annex 9; the project financial model is included in the project file. The results demonstrate that financing recurrent incremental costs for all 51 national parks[7] would require an endowment fund capitalization of US$50.5 million, which demands an effective fundraising strategy.

51. Estimating baseline and optimistic return scenarios demonstrate the potential impact of strong staff, an effective fundraising strategy and quality fund management at FUNBAP. Indeed, returns are likely to be enhanced with local financing sources and international donations as has been the case with similar funds throughout Latin America. Under a baseline scenario, 6 conservation mosaic's incremental recurrent costs could potentially be financed. This estimate is based on the following assumptions: endowment capitalization in the amount of US$17.5 million dollars, which will generate income to cover the endowment's operating costs and the recurrent costs of conservation mosaics; a 5.5% return per year[8] assumed through 75% of the endowment invested in fixed income securities and 25% in equities[9]; and 20% of outstanding debt swaps negotiated for their inclusion in FUNBAP beginning in 2008. On the other hand, if annual returns are estimated at 7% and endowment fund capitalization is estimated at US$28 million, thirteen conservation mosaics could be financed to perpetuity.

52. **Fiscal Impact.** The UAESPNN's accumulated deficit during the project's five years is US$19.7 million. The project will provide direct support to national parks worth US$ 3.9 million (excluding the Endowment, FUNBAP operational expenses and adding the fund's estimated investment yields), reducing the UAESPNN deficit by 19.9% between 2006 and 2011 (see Annex 9).

53. **Incremental Cost Analysis.** Under the project, the alternative scenario create an endowment fund that by the end of the project would be funding integrated management of at least 3 conservation mosaics and be attracting continued investment in the future without diverting any baseline funding from current activities. The GEF Alternative will achieve project objectives at a total incremental cost of US$35.3 million of which US$15 million is being requested from the GEF to provide funding to support global benefits and US$20.3 million would come from public and private sector sources. In addition to this, a projected further incremental investment of US$7.8 million is expected to be leveraged by the endowment fund by five years after the project has been completed (Annex 15).

[7] Recurrent cost projections are based on average costs projected for the 9 National Parks to be financed by the GEF.
[8] Assumption provided by Suvalor/Salomon Smith Barney
[9] The asset composition and portfolio will be decided by FUNBAP's Board, from advice received from the commissioned Asset Manager(s).

2. Technical

54. Managing national parks as unsustainable "conservation islands" fails to respond adequately to the multiple threats and pressures on biodiversity and to ensure sufficient ecosystem representation and functionality. In contrast, the conservation mosaic approach supports: local benefits through economic and social incentives supporting sustainable natural resource use, and stakeholder coordination and replicability. This concept finds support in the CBD, which supports integrated conservation and sustainable use practices under equitable conditions.

55. The project proposes that investments in national parks be focused around the development of "key management issues". This strategy addresses the key threats faced by each national park, achieving the most cost-effective impacts and supporting replicability.

3. Fiduciary

56. FUNBAP was legally constituted in January 2006 and possesses a functional board of directors. Since FUNBAP has no prior project execution track record, the Financial Management risks are considered high. In order to mitigate such risks, best practices and procedures are being incorporated to meet WB fiduciary requirements and to adequately manage FUNBAP's financial and accounting activities. A Bank Financial Management specialist has reviewed the project's Operational Manual (OM) and found it to be satisfactory. A Financial Management Assessment will be undertaken prior to Board presentation, once FUNBAP is staffed and operational.

57. FUNBAP is being designed to possess an adequate organizational structure for project execution and Financial Management, to include an Administrative and Financial Management Coordinator, two accountants and a procurement officer, whose TORs will be included in the project OM. Staff will be sufficiently trained and well-qualified to undertake: Bank procurement and disbursement, maintaining accounting records, processing payments, preparing financial statements, managing bank accounts, managing financial information systems, preparing interim financial and project execution reports and submitting withdrawal applications.

58. **Annual Budgets, Flow of Funds and Disbursement Procedures.** FUNBAP will receive GEF and counterpart resources; disbursements will be based on Work Plans previously approved by FUNBAP's management board and cleared by the WB. The WB will disburse a) US$7.5 million to an endowment fund and b) US$7.5 million to a sinking fund, from which FUNBAP may disburse to consultants, suppliers and contractors directly or to organizations upon the signature of subsidiary agreements for the execution of sub-projects. Specific procedures are outlined in the project Operational Manual.

59. **Procurement** for the proposed project would be carried out in accordance with WB "Guidelines: Procurement under IBRD Loans and IDA Credits" and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers," both dated May 2004, and the provisions stipulated in the Legal Agreement. For each contract to be financed by the Loan/Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed upon by the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

60. Procurement activities will be carried out by FUNBAP, which will be staffed by an Executive Director and key personnel required to operate all functional units. The overall project risk for

procurement is HIGH given FUNBAP's lack experience in Bank-funded procurement until procurement capacity is acquired via hiring a staff with required skills and experience in procurement of civil works, goods and services under Bank guidelines. Once the capacity has been acquired, the risk will shift to AVERAGE, with possibilities of revision during the MTR.

4. Social

61. A Social Assessment has been undertaken (see Annex 10 and project file) with the following main objectives: (i) evaluate local needs related to PA management, biodiversity conservation and income generation; (ii) define adequate project mechanisms including local sub-projects; (iii) establish the Fund's operational mechanisms, taking into account specific social conditions in project areas; and (iv) design the project's Participation Strategy. The social assessment is supported in participatory national park Management Plans, which include an analysis of socio-economic, cultural and institutional conditions and incorporate locally-designed participatory strategies.

62. During the project design stage, four regional facilitators led a discussion and participation process with: (i) public institutions involved in PA management and conservation, including Ministry of the Environment, Housing and Territorial Development, 34 CARs and other territorial entities; (ii) national NGOs and civil society organizations; iii) environmental and public sector experts, and iv) national park Directors and teams.

63. During project execution an extensive participatory process will be undertaken to: (i) develop a socio-economic and biological baseline in conservation mosaics; (ii) delimit conservation mosaics; (iii) create local execution committees and sign subsidiary agreements for sub-execution of activities; (iv) define conservation activities and sub-projects, and (v) develop and monitor impact indicators. Beneficiaries will include local communities and organizations, ethnic leaders and civil society reserves related to conservation mosaics. FUNBAP will undertake meetings with institutions, groups and sectors responsible for PA management in order to define financing priorities, selection criteria, administrative and financial execution mechanisms for conservation mosaic, and key indicators contained in the M&E system. FUNBAP will also conduct workshops to disseminate project activities.

64. International NGOs World Wildlife Fund, The Nature Conservancy, and Conservation International worked closely during the PDF-B phase as a result of their participation in the recent debt-for-nature swap agreement with the United States government. The three NGOs are also supporting the construction of the NPAS Action Plan, within the Memorandum of Understanding signed by the Ministry of the Environment, Housing and Territorial Development, UAESPNN, NGOs and research institutes.

5. Environment

Project Environmental Category [ ] A [X] B [ ] C

65. The project is classified as Category B, requiring some type of Environmental Analysis but not a full-scale Environmental Impact Assessment. The proposed project is aimed at supporting environmental conservation and improving capabilities in selected conservation mosaics to arrest and reverse trends of degradation and biodiversity loss. The consolidation of strict conservation areas, added to the support of biodiversity-friendly production systems, is expected to reduce existing threats to effective conservation in national parks and to increase the parks' social and economic sustainability.

66. The project should contribute positively to environmental conservation as it will: (i) not develop infrastructure generating environmental impact to PAs; (ii) focus on conservation-related activities, and (iii) support biodiversity-friendly production and ecotourism sub-projects. Local execution committees in each conservation mosaic will be responsible for environmental impact screening, to be supervised by FUNBAP's Technical Unit. The project Operational Manual further defines procedures and mitigation measures for environmental impacts arising directly or indirectly from project execution.

6. Safeguard policies

67. This project is expected to comply with all applicable World Bank safeguard policies, as explained below. Detailed procedures and mitigation measures for all safeguard policies presented below are detailed in the project Operational Manual.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[X]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[X]	[ ]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[X]	[ ]
Involuntary Resettlement (OP/BP 4.12)	[X]	[ ]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[X]	[ ]
Forests (OP/BP 4.36)	[X]	[ ]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[ ]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[ ]	[X]

68. **Environmental Assessment (OP 4.01).** The project's overall contribution to environmental conservation should be mostly positive for the reasons stated above. The project team performed an Environmental Assessment, as summarized in Annex 10. Additionally, the project Operational Manual states procedures and mitigation measures for any environmental impacts arising directly or indirectly from project execution.

69. **Forests (OP 4.36).** The project is fully consistent with the Bank's Forests policy. It will not cause, nor facilitate, any significant loss or degradation of forests. However, there is a minimal likelihood that the project lead directly or indirectly to the conversion of forests through inadequate activities in PAs, indirect impacts on PAs from contiguous sustainable production systems, anthropogenic impact from ecotourism, and the inadequate use of endangered or otherwise restricted species. Local execution committees will be responsible for potential environmental impact screening and identification and supervised by FUNBAP's Technical Unit. If necessary, the implementation of specific mitigation measures will be undertaken by local execution committees; such procedures are detailed in the project Operational Manual.

70. **Pest Management (OP 4.09).** The project is fully consistent with the Bank's IPM Policy. The project will support the use of biological or environmental control methods and reduce reliance on

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

synthetic chemical pesticides within conservation mosaics. When this is not feasible, FUNBAP will finance the use of pesticides for control of disease vectors, following IPM Bank application. FUNBAP will be responsible for the application of the Bank's IPM, which will include training in pest management for agricultural producers in project areas.

71. **Cultural Property (OPN 11.03).** Some of the conservation areas to be supported under the project contain archaeological, historical, or other cultural patrimony. Chance finds or known cultural sites affected by the project will be referred to the appropriate government agency that deals with antiquities and cultural heritage. In order to mitigate risks, FUNBAP will support studies to properly identify key sites and design measures to help protect them, included in the project Operational Manual.

72. **Involuntary Resettlement (OP 4.12).** No involuntary resettlement of any people will take place under the project. Restriction of use is only likely to occur in the event that a PA management plan requires it (e.g. prohibitions on fishing, hunting or gathering). A Process Framework was prepared as mandated by this policy in local execution committees will define project execution mechanisms and process frameworks if such practices involve the restraint of resource use. FUNBAP will be responsible for coordinating the application of this policy and the procedures outlined in the event of any conflict of use; detailed procedures are outlined in the project Operational Manual.

73. **Indigenous Peoples (O.D. 4.20).** Three national parks overlap or adjoin indigenous territories, known as *resguardos*. The project will not cause any adverse effects on Indigenous Peoples residing in or near project areas. Nevertheless, some indigenous peoples may not feel adequately consulted or represented by their leaders in the execution of project activities and/or agreements with indigenous communities. The team is preparing a Process Framework, included in the project OPERATIONAL MANUAL, describing the measures taken to ensure there is no impact on indigenous groups and outlining potential conflict resolution mechanisms in the unlikely event that conflicts arise.

74. In accordance with the Bank's policy on Disclosure of Information (BP 17.50), copies of all relevant Safeguard documents, including the Environmental Assessment Report and Process Framework, are available for public viewing at UAESPNN's office (Cra. 10 # 20-30, Bogotá) and on its website (www.parquesnacionales.gov.co).

7. Policy Exceptions and Readiness

75. The project does not require any exception from Bank or GEF policies. All key project staff and consultants, as well as adequate monitoring and evaluation capacity, are expected to be in place prior to GEF disbursement. The project complies with all applicable Bank policies.

Annex 1: Country and Sector or Program Background

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

1. The Project Development Objective is to support the development of the National Protected Areas System by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). FUNBAP was established as a private-sector foundation with a private-sector majority on its board and a mandate to execute public-sector conservation policies related to the NPAS. While in Colombia there currently exists a National Natural Parks System, which constitutes the country's principal *in situ* conservation strategy, other Protected Area categories have been established that could potentially form part of an integrated National Protected Areas System (NPAS), and which are fundamental to the conservation of globally important biodiversity. It is important to note that FUNBAP's creation is set within a national context that supports the establishment and development of an inclusive and diverse National Protected Areas System.

Global Importance of Colombia's Biodiversity

2. Colombia is among the world's five most biodiversity-rich countries (Mittermeier, 1998). With an area of 1.1 million square kilometers, Colombia represents only 0.8% of the world's surface, yet houses 15.0% of all known terrestrial species. The country is first in the world in number of bird and amphibian species and second in terms of vascular plants. Colombia is also extremely diverse ecologically. The country harbors 18 ecological regions (WWF/World Bank Report, 1996), the second highest of any country in Latin America, and 65 ecosystem types (Humboldt Institute, 1998). Colombia contains 12% of the humid and dry hotspots in the continent and three of the world's most biodiversity-rich areas: the Chocó Biogeographic region, the Amazon Basin and the tropical Andes.

3. Colombia's cultural and ethnic diversity is exceptional; UNESCO has declared five sites in Colombia of historical and cultural heritage to humanity. It is estimated that close to 800,000 indigenous people (IP) live in Colombia[10] belonging to ninety ethnicities[11] and representing 3% of the national population (Sanchez, 2004). Approximately 80% of the indigenous population lives in 638 *resguardos* occupying 30.8 million hectares (27% of national territory), distributed among 200 municipalities and 27 departments. Indigenous communities generally inhabit areas rich in biodiversity (UAESPNN, 2000). Today, a number of indigenous groups are undergoing rapid cultural change, making the promotion of cultural-based biodiversity conservation strategies a country's top priority.

Colombia's Protected Areas (PA) System

4. In addition to a National Natural Parks System (NNPS), a high proportion of Colombia's natural endowment is contained in Protected Areas under various management categories. These other PA types are administered by Regional Autonomous Corporations (CARs), municipalities, private reserve owners, and ethnic collective territories which largely coincide with strategic ecosystems. These other areas could potentially form part of an integrated National Protected Areas System (NPAS). The process of developing this inclusive NPAS is in the hands of the National Parks Unit (UAESPNN) and will include standardizing various existing PA types and management categories (shown in the table below), as well as defining the NPAS's legal framework, its administrative and

[10] DNP projections based on the 1993 census. Sánchez, E. and Arango, R. *Los Pueblos indígenas de Colombia en el umbral del nuevo milenio*, Bogotá, National Planning Department, Sustainable Territorial Development Office, 2004.

[11] Ibid. This study includes 81 ethnicities registered in DANE and 9 additional groups: muinane, kankuamo, juhup, kakua, hupdu, mokaná, guane, muisca and kichwa.

organizational structure, relevant coordination mechanisms, and social and inter-institutional agreements.

5. Potential areas to be included in a National Protected Areas System include:
    - 51 national parks spanning 10 million hectares - 10% of national territory. The NNPS represents 50 of Colombia's 108 bio-geographical districts (BioColombia, 2000), overlapping with three declared wetlands of international importance ascribed to the RAMSAR Convention and five World Biosphere Reserves[12];
    - 200 municipal, departmental and regional protected areas, under CAR jurisdiction, spanning 3.3 million hectares;
    - 300 civil society reserves (approx. 56,000 hectares), and
    - 33.2 million has[13] of collectively-titled territories belonging to indigenous and Afro-Colombian groups – 27% of national territory. Several areas coincide with strategic ecosystems located in the Sierra Nevada de Santa Marta, the Amazon Basin, the Colombian Massif and the Biogeographic Chocó region[14]. 18 indigenous *resguardos* and 5 collectively-owned Afro-Colombian territories overlap with national parks.

Figure 1. Potential Areas for the National Protected Areas System

SECTOR	PROTECTED AREA CATEGORIES	RESPONSIBLE ENTITY	JURISDICTION	# OF AREAS	ESTIMATED HECTARES
PUBLIC	**National Natural Parks**	National Parks Administrative Unit (UAESPNN)	UAESPNN	51	10.320.865
	Municipal and Departmental Reserves	Municipalities	CAR	200	3.372.000
	Regional Natural Parks	CARs	CAR		
PRIVATE	**Natural Civil Society Reserves**	Private Landowners	CAR	300 approx.	56.000
COLLECTIVE	Ethnic groups may express their interest in linking part of their territories to the NPAS or participating in the project's conservation and territorial ordering strategies.				
	- Indigenous Resguardos 28.6 million hectares				To be defined
	- Afro-Colombian territories 4.6 million hectares				To be defined

Sources: UAESPNN (2004), World Bank (2002), DNP (2002) and ASOCARS (2005).

NPAS Stakeholders

6. **The National Parks Unit (UAESPNN)** is an entity belonging to the Ministry of the Environment, Housing and Territorial Development that has financial and administrative autonomy. The UAESPNN is responsible for managing the National Natural Parks System (NNPS) and leading the National Protected Areas System's establishment. Decree 216 of 2003 defines the National Parks Unit's primary functions: (i) to propose and implement policies, programs and projects that contribute to the consolidation of a National Protected Areas System (NPAS), and (ii) to coordinate NPAS strategies with other environmental and ethnic authorities.

[12] Sierra Nevada de Santa Marta, Ciénaga Grande de Santa Marta, Seaflower (San Andrés and Old Providence Archipelago), Tuparro national park and the Andean Belt (Colombian Massif: Cueva de los Guacharos, Puracé y Nevado del Tolima National Parks).
[13] Colombian Rural Development Institute, 2003.
[14] Indeed, 64% of the Colombian Pacific region is owned by Afro-Colombian or indigenous groups. Including additional requests in process, this percentage could increase to 75%.

7. **Corporaciones Autónomas Regionales (CARs).** Colombia's 34 Regional Autonomous Corporations are the top environmental authorities in their respective regions. CARs are governmental entities equivalent to the UAESPNN in that both are second to the Ministry of the Environment, Housing and Territorial Development within the hierarchy ordained by the National Environmental System[15]. CARs' jurisdictions are territorial units defined by their geopolitical, bio-geographical and hydro-geographical characteristics. In addition, CARs possess administrative and financial autonomy. Their management boards are structured to facilitate wide participation, promoting plurality in their decisions.

8. CARs determine institutional strategies and environmental planning processes[16] using environmental and natural resource management criteria. National park buffer zones are under CAR jurisdiction, requiring close coordination with the UAESPNN. Also under CAR jurisdiction are municipal and departmental PAs, entailing cooperation with municipal governments, which are responsible for declaring and managing their local PAs.

9. CARs will play an important role in integrating regional conservation and land use planning processes to the National Protected Areas System. Traditionally, CARs have not invested major resources in PAs and have focused on watershed management. However, CARs in various regions are increasingly linking various management categories under their jurisdiction and supporting local programs geared to: (i) conservation and sustainable use of environmental goods and services, (ii) integrated hydric resource management, (iii) strategic ecosystem management, and (iv) biodiversity conservation[17].

10. **Municipal and Departmental Reserves**. As a result of the decentralization process furthered by the Colombian government, municipalities are responsible for environmental ordering processes under their jurisdictions. Law 388 of 1996 requires all municipalities to define a territorial ordering plan. The plan has become an important mechanism for regulating conservation activities and watershed management. Municipal and departmental reserves can play an important role in promoting conservation objectives by integrating local initiatives and derived social and economic benefits into an NPAS.

11. **Civil Society Reserves.** In the 1980s, private landowners formed a Private Natural Reserve Association (ARRNSC). This group lobbied to include a decree in Law 99 of 1993 allowing private natural reserves to be declared Protected Areas. Since 1999, private reserves' activities and zoning guidelines have been established, as well as their registration process unto the UAESPNN. Private natural reserves are characterized by their generation of environmental services, conservation of endangered species, recovery of biological connectivity and participation in environmental land use planning. Private sector reserves have increased to 300 and several private reserve networks and associations have been created, increasing their presence and organizational capabilities within the environmental sector.

12. **Indigenous Peoples (IPs).** The 1991 Constitution recognizes indigenous resguardos as legally constituted territorial entities and considers indigenous leaders public authorities, awarding these

[15] The National Environmental System is best understood as a set of goals, norms, activities, resources, programs and institutions that allow the implementation of environmental policies in Colombia (Law 99 of 1993).
[16] As defined by Decree 48, 2001.
[17] CARs are gradually structuring territorial-based programs based on their support to local and regional PA processes, with the following priorities: (i) biological corridor ordering and management, (ii) declaration of regional PAs and municipal reserves, (iii) development of sustainable production systems in NP buffer zones and other areas, (iv) watershed planning and management, (v) biodiversity monitoring indicator design and application, (vi) reforestation, (vii) creating PA protection zones and (viii) acquiring territories for conservation.

communities the possibility of self-government. In response to the legal framework governing ethnic groups, the UAESPNN has developed innovative co-management schemes in national parks overlapping with indigenous territories. Indigenous authorities may autonomously decide which zones (if any) to contribute to the NPAS, or how to integrate their conservation and territorial ordering strategies to the system, depending on their Life Plans and their territorial vision. The major incentives for indigenous peoples to participate include increased governance over their lands as well as marketing and income generation opportunities involving local crafts and other products.

13. **Afro-Colombian communities.** The 1991 Constitution and later laws created the possibility for Afro-Colombian communities to collectively title their territories and enjoy access to the lands' natural resources[18]. For this reason, Afro-Colombian communities can contribute to territorial-based conservation, management and sustainable natural resource use. Such groups can organize collective management and environmental planning processes in national parks' surrounding zones as well as in areas within national parks containing pre-existing Afro-Colombian populations. These initiatives can be addressed within relevant national park Management Plans.

Root Causes, Barriers and Threats

14. Despite important advancements to date in Colombia's legal framework for conservation, several factors limit the consolidation of a strong institutional framework that effectively promotes biodiversity conservation, including: (i) pressures on natural resources due to widespread poverty, colonization, and unsustainable production models; (ii) financial constraints throughout the PA system; (iii) incipient levels of coordination between complementary PA management categories and sustainable use strategies and scarce levels of inter-institutional coordination; and (v) mostly low levels of community organization, though this varies among communities. Additionally, the country's protracted social conflict leads to insecure land tenure and the fragmentation of social networks, which are fundamental to any participatory conservation and sustainable production strategy.

15. **Socio-economic conditions.** Colombia's land tenure has been historically concentrated in few hands, especially in lands fit for agricultural development. Indigenous, Afro-Colombian and *mestizo* peasant communities have been consistently displaced to territories lying beyond the agricultural frontier and to lands with a vocation for forests and natural ecosystems. The development of large-scale agriculture and extractive activities, combined with poverty and a lack of economic alternatives, has led to acute environmental degradation and strong pressures on natural resources, even in Protected Areas. Insecure land tenure, especially for colonists residing in buffer or park zones, further motivates unsustainable land use and short-term extraction projects. A vicious cycle has been generated due to a progressive deterioration in exploited ecosystems, leading to lower productive yields, and in turn, eroding socio-economic conditions. The consequences of this pattern include resource overexploitation, ecosystem fragmentation, soil degradation and social conflict.

16. More recently, natural resource exploitation has increased due to territorial disputes by various insurgent groups involved in the internal conflict. An expansion in illicit crop production has generated growing environmental impact in the country's natural forests and strategic ecosystems due to: (i) forest clearing to establish such crops; (ii) population displacement to vulnerable ecosystems due to the high expectations generated by illicit crop production; iii) the arriving

[18] Norms related to this initiative are contained in "Internal Regime Codes" and in Law 70 of 1993, especially Article 25 related to the establishment of "Special Natural Reserve Areas" in Afro-Colombian, collectively-owned territories.

population's expansion of the agricultural frontier; (iv) investment of the economic surplus generated by illicit crops in cattle ranching; (v) water contamination from chemicals used during illicit crop planting and processing; and (vi) eradication efforts, which have recently consisted of chemical fumigation. While only 3,970 hectares. of coca production have been found in national parks, this activity poses a threat to the conservation of strategic ecosystems[19].

17. Colombia's internal conflict poses several limitations on conservation and protected areas management. Many protected areas and strategic ecosystems contain a presence of illegal armed groups, posing a threat to the Park's personnel and buffer zone communities. However, the National Parks Unit has been able to work in most of the areas continuously since its establishment, and carries out projects with high levels of community support (see Annex 21). Part of the relative success of the national parks' work in these difficult regions can be attributed to the support of local ethnic and peasant communities in designing participatory conservation strategies and providing communities with livelihood alternatives.

18. In addition to illicit crops, inadequate land use is ubiquitous due to financial and market mechanisms that value environmentally unsustainable extraction and production activities. Regions located particularly in the Biogeographic Chocó and the Amazon present among the highest deforestation rates relative to national and global levels. Sixty percent of the country's territory is used for unsustainable cattle ranching, creating degraded pastures in lands that are better suited for forests or sustainable agriculture (IGAC, 1998).

19. **Financial Constraints in the NPAS.** The National Park System receives a limited government budget contribution relative to its extensive territory and diverse functions. Between 1996 and 2001, government allocations to the NNPS declined 55% in real terms, forcing the UAESPNN to develop alternate funding sources. As the table below shows, the UAESPNN's projected 2005 and 2006 deficit compared to regular budget allocations is US$ 4.6 and US$ 3.7 million respectively, taking into account increasing NNPS resources, stable government and cooperation resources, and the cost of Management Plan implementation.

Figure 2. National Natural Parks System's Revenues and Expenses

(In US$, using exchange rate of Col$2,350)	**2003**	%	**2004**	%	**2005**	%	**2006**	%
Income	11.9	100%	10.3	100%	12.0	100%	13.2	100%
Central Government Budget	5.5	47%	5.7	55%	6.6	55%	6.7	51%
Own Revenues	1.2	10%	1.5	14%	2.1	18%	3.2	24%
International Donations	5.2	43%	3.1	30%	3.3	27%	3.3	25%
Total Income (YoY % increase)			**-13%**		**16%**		**10%**	
Costs	16.3	100%	16.3	100%	16.6	100%	16.8	100%
Central Office Overhead	2.7	16%	2.7	16%	2.7	16%	2.7	16%
National Parks	13.6	84%	13.6	84%	13.9	84%	14.2	84%
Total Costs (YoY % increase)			**0%**		**2%**		**2%**	
Net Income/Deficit	**(4.4)**		**(5.9)**		**(4.6)**		**(3.7)**	
(YoY % increase)			36%		-23%		-20%	

20. Over the past three years, UAESPNN implemented a Financial Strategy to increase its own resources. This strategy entails adjusting the legal framework to charge for goods and services that the National Parks' System provides to the Colombian economy; outsourcing the management of eco-lodges in the national parks to the private sector; adjusting entrance fees to national parks; and

[19] Official figures from SIMCI, United Nations, July 2004. The area of illicit crop cultivation within National Parks has been reduced by 40% between 2001 (6,057 hectares) and 2004.

leveraging local and international resources, including GEF funds. This strategy is expected to reduce the National Park System's deficit by 40% over the next five years (see Annex 9).

21. With the exception of Regional Autonomous Corporations (CARs), the financial situation of the various conservation actors is precarious. CARs, as opposed to national parks, earn substantial income from compulsory property taxes, water effluent charges, transfers from hydroelectric plants (some of which are located in national parks) and other environmental contributions. Reforming Law 99 to compensate national parks for the environmental goods and services it provides to the national economy would be a challenge under current political conditions. On the other hand, civil society reserves depend on voluntary donations and contributions, and on their own ability to attract international cooperation resources and to apply for existing economic incentives.

22. Indigenous territories, known as *resguardos*, receive government transfers targeted mainly to health provision, education and food security. These resources could potentially contribute to conservation projects associated to environmental land use planning and contained in indigenous Life Plans.

23. Afro-Colombian communal territories do not have the same access to central government transfers as *resguardos*, limiting potential initiatives.

National Strategy and Agenda

24. **Social Policy of Participation in Conservation: "Parks with the People**". In an effort to address the root causes of biodiversity deterioration, the UAESPNN adopted a Policy of Social Participation in Conservation, "Parks with the People," in 1999. The policy seeks to develop short, medium and long-term strategies for generating sustainable economic and social alternatives and for improving the quality of life of inhabitants in national park buffer zones[20]. This strategy has increased communities' commitment to protecting PAs and has helped curb illicit crop cultivation, inadequate land use, poverty and the lack of sustainable economic alternatives. This effort has been undertaken in coordination with Regional Autonomous Corporations (CARs), mayor offices, UMATAS (agricultural technical training centers), NGOs and over 50 grassroots organizations, with support from the Dutch cooperation program, the United Nations World Food Program, the USAID and the GEF "Andes" and "Colombian Massif" projects.

25. The Social Policy of Participation in Conservation has achieved important results, including:
    - 10,000 beneficiary families living in national park buffer zones, improving effective biodiversity conservation in 73,000 hectares located mainly in the Northern Andean region and the Amazon Basin[21]. Initial results show improved community participation and social legitimacy of the National Park System.
    - Participatory schemes are being ratified in various regions. Agreements have been negotiated with Afro-Colombian communities in the Chocó Region and with indigenous organizations in the Colombian Massif. Two co-governance agreements have been signed between the UAESPNN and indigenous communities (Cahuinarí and Alto Fragua Indiwasi National Parks). [22]

[20] The GEF "Regional and Integrated Silvopastoral Approaches to Ecosystem Management" project provides a concrete example of payments for environmental services (PES) and signed agreements with livestock producers leading to land use improvements.

[21] Alexander Von Humboldt research institute. *Colombia biodiversidad siglo XXI; Propuesta técnica para la formulación de un plan de acción nacional en biodiversidad* /Edited byM.C. Fandiño and P. Ferreira Miani. Bogotá, Instituto Humboldt, Ministry of the Environment, DNP; 1998.

[22] Andrade, G. (2004) "Categorías para el Sistema de Áreas protegidas de Colombia", report submitted to the Facilitation Committee financed by the UAESPNN's Institutional Strengthening component. Andrade poses that instead of using the internationally accepted term "co-

- Inter-institutional agreements have been signed with CARs, territorial entities and research institutes to complement the work undertaken by the UAESPNN in national parks.

26. **The principal instrument to implement the "Parks with the People" policy is the national park Management Plan.** For the first time in 2004, the existing 49 national parks concluded the formulation of their management plans using a standardized template[23]. While the template provides a unified framework for the National Parks System, the format is flexible, allowing each national park to define its management strategies while taking into account its specific biological, social and economic conditions. Likewise, the Management Plan for each area is conceived within a broader regional analysis and provides elements for implementing conservation and management strategies in each Park's surrounding conservation mosaic (this term is described in detail in Annex 19). The MP template contains the following outline: i) an assessment of the national park and its regional context, ii) a zoning proposal to support territorial ordering processes, and iii) a strategic action plan for the management of the PA and its outlying buffer zone.

27. The UAESPNN also developed a modified version of the Management Plan template for Parks overlapping with traditional ethnic territories and indigenous communities. In such cases, the Management Plan generated by the Park constitutes a working proposal to be negotiated with ethnic groups, according to specific procedures outlined in Colombian Law.

28. The consolidation of the National Protected Areas System builds upon the National Park Unit's Policy of Social Participation in Conservation (PSPC). While the policy has mainly worked with national parks and surrounding territories, the UAESPNN is promoting the application of the policy's principles and participatory methodologies to create a National System that integrates, together with the national parks, other PA categories and conservation strategies in productive landscapes, recognizing the crucial role of other stakeholders (such as CARs, private reserve owners, municipalities, as well as ethnic groups and agricultural producers) for biodiversity conservation.

29. The need to establish conservation mosaics as opposed to strictly protected national parks is based on the following: i) from an ecological standpoint, most national parks in Colombia were declared after modern human settlements, presenting design failures as seen from modern conservation sciences and reflected in inadequate sizes, boundary definition, types of ecosystems included[24] and limited long-term persistence[25]; and ii) from a human standpoint, these design deficiencies contribute to current unsolved conflicts between conservation policies and the perceptions and interests of some local populations such as colonists. The application of the conservation mosaic concept allows us to: i) manage populations of endangered species located within rural productive landscapes[26], ii) contribute to fill representation ecosystem gaps and ecological functionality, complementing the integrity of biodiversity conservation at the landscape level, and iii) increase the level of social control over the territory as the use of natural resources is driven to

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management", referring to shared management of an area between the environmental regulator and the local community, for the Colombian case the term should be "co-governance", since indigenous communities are awarded the character of public authorities in their *resguardos.*

[23] There are currently 51 Parks.

[24] See for example Fandiño 1996 and van Wyngaarden y Fandiño (2002), who have demonstrated design failures for two national parks in the Andean region, and the review of the subject prepared by Matallana et al. (2002).

[25] The relationship between persistence limitation and design failures of protected areas has been presented by Cháves (2002

[26] The project Conservation and sustainable use of biodiversity in the Andean Region (GEF Andes) is being developing concepts and tools for biodiversity management in rural landscapes.

sustainability[27]. By supporting the consolidation of the NPAS, the project would implicitly validate the PSPC and seek further replication of the local benefits this approach is generating.

30. The project will apply PSPC methodology to establish and effectively consolidate conservation mosaics, thus increasing the ecological functionality of core conservation areas, complementing the integrity of biodiversity conservation at the landscape level, and increasing the level of legitimacy and governance, as well as the sustainable use of natural resources. The conservation mosaic concept will promote management strategies that address poverty issues without affecting natural ecosystems contained in national parks, and counteract the unsustainable "conservation island" concept. Project activities will support sustainable production schemes, such as sustainable fishing, bio-commerce and eco-tourism, involving community participation in project design and implementation, and supporting local benefit generation. Conservation and productive activities in conservation mosaics will incorporate social and economic compensation schemes jointly defined with local communities and producers. Project Mosaics are expected to serve as pilot experiences of conservation and stakeholders' coordination for replication throughout the NPAS.

31. **The Development of a National Protected Areas System (NPAS) under the CBD Protected Areas Work Program.** The GoC is embarking on a process of establishment and consolidation of the NPAS in order to: i) increase the representation of ecosystems contained in the national parks System, ii) address the various threats and socioeconomic conditions that affect conservation by validating various PA management categories, and iii) include cultural considerations in territorial ordering processes. To achieve this end, among other activities, the National Parks Unit created a NPAS Facilitation Committee with twenty renowned PA experts who meet on a voluntary basis. To date, the National Parks Unit (UAESPNN), with the Facilitation Committee's support, has defined objectives, functions and a preliminary structure for the System. It has also elaborated proposals for standardizing existing PA management categories, normative and methodological changes in PA management and an NPAS regulatory framework.

32. In February 2004, Colombia participated in the Seventh CBD – COP 7 Conference in Kuala Lumpur. During this meeting, the country ratified Decision 28 (COP-7/28) and demonstrated its commitment to a Protected Areas Working Plan, the objective of which is to support the establishment of national and regional protected areas systems that are efficiently managed and ecologically representative. In this framework, a Memorandum of Understanding (MOU) was signed this year by the following agencies to support the development of a "NPAS Action Plan": the UAESPNN, Conservation International, The Nature Conservancy, the World Wildlife Fund, the Private Natural Reserve Association, the Alexander von Humboldt Research Institute and INVEMAR. This inter-institutional Memorandum of Understanding aims to contribute to the National Protected Areas System's design and plans to cooperate on four main issues: (i) increasing ecosystem representation; (ii) completing an NPAS financial sustainability strategy; (iii) improving PA planning and management capabilities; and (iv) establishing a PA monitoring system. These themes are closely related to the project's overall objective, and the Memorandum's implementation will be coordinated with the project's execution.

33. Within this national context, the UAESPNN is developing an NPAS Law proposal. This law is intended to clarify the legal and institutional aspects for the administration and coordination of standardized PA management categories. The law will build upon the current legal recognition of various management categories, conservation approaches and related stakeholders, and will establish an inclusive system.

[27] The Parks Unit (UAESPNN) has important experience in the promotion of sustainable productive systems for conservation in buffer zones of the NPS (Ecoandino Project, see Rojas, A. Ed. (2005).

34. The discussion and final approval of the NPAS law is a long-term process that lies beyond the scope of the project. However, the project's activities can be amply met under the current legal framework. There is a strong legal and political base to carry out conservation activities and protected areas management, including a solid institutional capacity and biodiversity conservation policies. Moreover, the project can provide valuable inputs to the consolidation of the national protected areas system, thereby contributing valuable pilot experiences.

35. On the other hand, the NPAS law and the elaboration of an NPAS plan are an opportunity to scale up elements of the UAESPNN's social participation policies at a national level, with special regard to the socio-economic needs of local communities.

Country Eligibility and Drivenness

36. Colombia ratified the Convention on Biodiversity on 28th November, 1994. In 2004 the country ratified Decision 28 (COP-7/28) and its commitment to a Protected Areas Work Program, the objective of which is to support the establishment of national and regional protected areas systems that are efficiently managed and ecologically representative.

37. Colombia has a well-developed legal framework for conservation. The National Policy for Biodiversity (1996) focuses on conservation, knowledge, and sustainable use. It establishes national guidelines and strategies, including: sustainable natural resource use, protected areas management, legislative and institutional strengthening, technology transfer, biodiversity information systems, and community training and participation.

38. In turn, the development of a National Protected Areas System is considered a priority in a number of environmental policies in Colombia[28]. In 1997, the Colombian government adopted the Policy for the Creation and Consolidation of a Protected Areas System[29]. This document is a guide for the planning and execution of agreements made by Colombia within the CBD framework. Furthermore, the Colombian government's National Development Plan (2003-2006) defines the need to consolidate a National Protected Areas System. Finally, Decree 216 of 2003 defines the National Park Unit's (UAESPNN) coordination functions in order to structure and consolidate the National Protected Areas System (NPAS). Consequently, UAESPNN is developing the legal and institutional framework for the NPAS, in coordination with other governmental and non-governmental organizations. The NPAS will incorporate many of the acting principles in the UAESPNN's Policy of Social Participation in Conservation.

39. Decentralization and local empowerment have allowed the country to consolidate different PA management categories within the NPAS. Specifically, Law 99 of 1993 assigns to autonomous regional corporations (CARs) the task of creating regional natural parks (Article 31) and creates a PA category for private reserves. The UAESPNN is supporting the declaration of regional natural parks under a legal category that is equivalent to that of National Natural Parks.

40. The country's legislation is strong in terms of the protection of indigenous rights, allowing the incorporation of environmental, ethnic and social considerations into long-term development

[28] Such as: the National Policy for Biodiversity, the Policy for Integrated Planning and Sustainable Development in the Atlantic Coast, Guidelines for a National Policy of Environmental Land Planning, National Forest Policy and Strategic Plan for the Restoration and Establishment of Forests. It is also closely related to the Policy of Private Participation in the Environmental Management and with the Policy for Integral Water Management.

[29] This strategy is part of "Technical proposal for the creation of a National Action Plan for Biodiversity, Biodiversity XXIst Century" (IAVH and DNP, 1999.)

policies. Legislation grants indigenous communities the possibility of self-governance in their respective territories and legally recognizes indigenous organizations. This situation has allowed the UAESPNN to develop innovative co-governance schemes in parks overlapping with indigenous territories.

Project Response to Country Context

41. The project supports conservation mosaics rather than simply "core" conservation areas due not only to design shortcomings of protected areas in terms of ecological functionality and ecosystem representation, but also to Colombia's persistent socioeconomic conflict. Within a context whereby local communities have learned to deal with the presence of armed groups, it is not likely that the UAESPNN can impose conservation without taking into account local interests. The project is designed to work with buffer zone and rural communities, supporting increased community participation in local environmental planning. Additionally, conservation mosaics include sustainable production schemes, including bio-commerce and eco-tourism, supporting local benefit generation and support for conservation strategies.

42. Colombian institutions have been working at the center of this conflict (see Annex 21). The UAESPNN is no exception, given that it has been performing conservation activities for over thirty years with minimal security problems. We have noted that a profound respect exists for environmental issues, and that the distinct actors with whom UAESPNN has been working (CARs, NGOs, municipalities, grass roots organizations, etc.) share the goals of conservation and sustainable use of natural resources.

43. In conclusion, it is important to recognize the special characteristics of a country such as Colombia at the time of project design and implementation. The project has taken into account these elements in the design process, and throughout the execution of the project the continuous review of these conditions will be necessary—in some instances adjustments will have to be made. The project may provide some support to the peace process by supporting pilot initiatives on the sustainable use of biodiversity. Finally, it is important to acknowledge that the UAESPNN continues to work in the midst of the conflict, and it possesses the necessary experience to assume project implementation in Colombia. The UAESPNN is not only convinced that it is possible and necessary to maintain its presence and work, but also that environmental themes may contribute to the solution of the armed conflict in Colombia. Therefore, one of the principles of the PSPC is its contribution to the social construction of a peace agenda.

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Colombia's GEF portfolio includes four projects under implementation. All Colombia-GEF projects share a similar vision and strategy, which support: (i) the conservation of biodiversity of global importance;: (ii) the identification and removal of barriers to sustainable production systems, as part of the strategy to prevent biodiversity loss; (iii) the participation of local communities in the definition and execution of conservation strategies; (iv) the establishment of a broad range of protected area management categories, and (v) decentralized environmental management. GEF-sponsored and other projects support Colombia's CBD commitments and the National Biodiversity Policy.

All projects in the Colombia GEF portfolio have funded individual parks and biological corridors, but no project has supported the National Protected Areas System. The proposed project will target strategic, yet inadequately financed regions while supporting the National Protected Areas System's consolidation. In order to ensure complementarities between GEF-supported projects, none of the areas selected in the current project are being financed by other GEF projects. Furthermore, this project's focus is unique in that it will support links between conservation and sustainable use strategies, with most project activities to be performed in buffer zones and complementary landscapes. The proposed project will target strategic, inadequately financed regions and support the National Protected Areas System's consolidation.

Funding Agency/ Sector Issue	***Project***	***Total Project Cost***	*Latest Supervision (Form 590) Ratings(Bank-financed projects only)*	
FINANCED BY THE WORLD BANK/GEF			*Implementation Progress (IP)*	*Development Objective (DO)*
Biodiversity/Natural Resource Management	Conservation and Sustainable Use of Biodiversity in the Andes Region (Project ID 63317)	$30.0M	S	S
Environmental Services/ Natural Resource Management	Regional and Integrated Silvo-Pastoral Approaches to Ecosystem Management (Project ID 72979)	$8.5M	S	S
Biodiversity/ Natural Resource Management	Naya Biological Corridor in the Munchique-Pinche Sector (Project ID 53804)	$2.2M	S	S
Biodiversity/Marine Protected Areas	Caribbean Archipelago Biosphere Reserve Project (Mid-size GEF grant; Project ID 66646)	US$4.3M	S	S
Biodiversity/ Natural Resource Management	Conservation and Sustainable Development of the Matavén Forest (Mid-size GEF grant; Project ID 66750)	US$1.4M	S	S
Biodiversity/ Natural Resource Management	Conservation of Biodiversity in the Chocó Region (GEF Mid-size grant; Project ID 57027)	US$2.4M	S	S
Other Agriculture/ Natural Resource Management	Sierra Nevada Sustainable Development Project (IBRD Loan; Project ID 57326)	US$6.3M	S	S
Other Agriculture, Institutional	Productive Partnerships Support Project (IBRD loan; Project ID 41642)	US$52.3M	S	MS
Water and Sanitation	Cartagena Water Supply and Sewerage Project (IBRD/IDA Loan; Project ID 44140)	US$117.8M	S	S

Renewable Energy/ Water Supply	Jepirachi Carbon Offset Project (IBRD/IDA Loan; Project ID 74426)	US$21.0M	HS	HS
Renewable Energy/ Water Supply	Rio Frio Carbon Offset Project (WBTF; Project ID 88752)	US$10.9M	N/A	N/A
Climate Change	Ozone Depleting Substances Phase-out Project (Montreal Protocol) (IBRD Loan; Project ID: 54125)	US$10.0M	S	S
General agriculture, fishing and forestry sector (30%); other Social Services (30%);Law and justice (20%);Adult literacy-formal education (20%)	Peace and Development project (IBRD Loan; Project ID: 51306)	US$30.0M	S	S

FINANCED BY OTHER DEVELOPMENT AGENCIES	AMOUNT (US$M)	SECTOR ISSUES
Biodiversity Conservation in the Paramo and Montane Ecosystem of the Colombian Massif. **UNDP grant.**	US$4.6M	Biodiversity/ Natural Resource Management
Strategy for the Consolidation of the National Natural Parks System Program. **Government of the Netherlands.**	US$7.0M	Biodiversity/ Environmental Institutions/Natural Resource Management
Integral Management Project of the National Natural Parks of the Colombian Pacific - II Phase. **Government of the Netherlands.**	US$1.9M	Biodiversity/ Natural Resource Management
Support for the Effective Institutional Presence of the National Parks Unit for the Conservation of National Natural Parks. **US-AID.**	US$3.6M	Biodiversity/ Environmental Institutions/Natural Resource Management

1. **Andes Project.** The Conservation and Sustainable Use of Biodiversity in the Andes Region supports conservation, knowledge and sustainable use of globally important biodiversity in the Colombian Andes. Two key objectives are a more representative, effective and viable Andean protected areas system, and sustainable production and conservation in rural productive landscapes, which represent 70% of the Andean region and support a significant number of endangered species and ecosystems. Directly relevant to the Proposed project is the design and application of landscape management tools, including: biological corridors, established to re-connect areas with high biodiversity; and economic and tax incentives to promote biodiversity-friendly activities in rural productive landscapes.

2. The Andes Project contains a Protected Areas Component working with national parks and civil society reserves. Lessons learned from this component include: (i) Management Plans have proved to be useful tools to promote conservation in national parks; (ii) resources executed by national parks demanded supervision from the PIU located in the IAvH, but after the project's second year resulted in improved management capabilities in the UAESPNN; (iii) national parks achieving the best levels of consolidation have garnered higher levels of community participation; (iv) the Policy of Social Participation in Conservation has been a fundamental tool for the execution of national park and buffer zone activities, and (v) there was a higher than expected support from the private reserve network, surpassing relevant project-end indicators by the project's MTR. It is evident that coordination can still be strengthened between the UAESPNN, CARs, the Private Reserve Network and municipalities contiguous to national parks.

3. The Andes Project includes as a key target the establishment of a US$0.8 million bio-commerce fund, to support sustainable natural resource use and finance seed capital for small environmentally-friendly businesses. Since this fund was constituted in December 2005, lessons learned have not been obtained. However, the Bio-Commerce Fund's Director has participated in the design of FUNBAP, and will maintain close contact with FUNBAP in order to promote cross-fertilization between the two financial mechanisms.

4. **Silvopastoral Project.** The WB/GEF-FSP Regional and Integrated Silvopastoral Approaches to Ecosystem Management Project pays and provides technical assistance to livestock producers who undertake biodiversity-friendly land use changes. Relevant lessons learned include: (i) payments for environmental services (PES) in silvopastoral systems have been successful in promoting biodiversity-friendly land use changes; (ii) abundance and diversity of select species found in some land uses within agricultural production plots is as relevant as that found in natural habitats; (iii) carbon sequestration in foliage and soils increases significantly upon the transition from degraded pastures to silvopastoral systems, and (iv) PES foster a greater environmental conscience among producers and award social recognition for their contributions. This project complements lessons learned in the Andes Project described above by proposing tools and incentives that promote the conversion from rural production in degraded landscapes to profitable, yet biodiversity-friendly production systems.

5. The objective of the WB **Productive Partnerships** Project is to generate income, create employment, and promote social cohesion of poor rural communities in an economic and environmentally sustainable manner through the development and implementation of a demand-driven, productive partnership scheme with the private sector. The proposed project will build upon the implementation arrangements model developed in the productive Partnerships project, which creates decentralized project execution committees that bid for resources using a transparent, accountable and highly participatory system, and design and execute sub-projects taking into account local socio-economic needs.

6. The WB **Climate Change** project will implement an adaptive strategy to Climate Change in the highland Las Hermosas Massif (including Las Hermosas National Park) including the following measures: (i) design and implementation of an integral monitoring and information management system considering the impact of climate change on ecosystems and societal values; (ii) promote an adaptive land use-planning model for the region that could anticipate potential effects of climate change on biodiversity, ecosystem functioning (especially disturbance regimes) environmental services (water supply), and location of productive systems; (iii) ecological rehabilitation of extensive cattle gazing in the *paramo* ecosystem, in order to eradicate the use of fire (which represents the major threat to the maintenance of resilient highland ecosystems), and (iv) promote ecological enhancement in productive agricultural systems in rural landscapes, through diversification, intensification, and adaptive water management.

7. Concepts adopted within the Climate Change Project that are valuable and complementary to conservation mosaics proposed in FUNBAP, are: (i) threats to natural ecosystems increase their vulnerability to Climate Change; (ii) most conservation actions in protected ecosystems (such as national parks) seek to deter their vulnerability to forest fragmentation, fire, overexploitation of natural resources, removal of keystone species, etc; (iii) it is favorable to expand adaptive management strategies to other highland Andean protected areas, or to other especially vulnerable areas (arid zones), and (iv) synergies should be sought between biodiversity conservation strategies and actions and the adaptive management of ecosystems, specifically designing conservation corridors and mosaics, and improving PA buffer zone management.

8. The WB **Peace and Development** project constitutes the first part of a two-phase APL (Adaptable Program Loan The objective of the project is to assist vulnerable, low-income and displaced populations in rural and urban communities in the conflict affected region in order to reduce the risk of their exposure to conflict and mitigate the negative impact of possible derived effects. The project assumes that building assets is a measure that contributes to mitigate the risk of displacement, and that restoring a basic safety net to displaced families is a first step in their social and economic stabilization. However, the project does not address directly the problem of conflict and violence but supports people to reduce and mitigate the risk of conflict and violence.), contains several mechanisms that are being applied to the proposed project. First, project execution is decentralized, with local committees deciding investment priorities, submitting annual work plans and executing resources. Second, the project Executing Agency provides technical assistance and support to local organizations and NGOs executing project resources. Third, most work plans in project zones seek to support linkages with local governments and/or other entities, in order to build local political and administrative capabilities. Finally, the project supports long-term processes and seeks long term sustainability and impact through selected alliances and agreements. The proposed project: (i) adopts local, decentralized execution committees; (ii) will support and provide assistance to local execution committees and recipients of project funds; (iii) will seek linkages between Mosaic Work Plans and local agendas, including those of regional autonomous corporations and other public entities, and (iv) will build long-term alliances with other environmental actors in each conservation mosaic through the signature of subsidiary agreements and also through the implementation of an Endowment Account, to finance selected conservation mosaics to perpetuity.

9. **Other GEF Projects.** Two projects, the **Colombian Massif** and the **Caribbean Archipelago** Projects, develop geographically-specific Protected Areas with high levels of community participation. The Colombian Massif project protects globally outstanding ecosystems by establishing a network of protected areas, improving buffer zone management and integrating biodiversity management principles into agricultural production systems. The Caribbean Archipelago project obtained the legal ratification and zoning of a 65,000 square kilometer Marine Protected Area (MPA). The proposed project will apply lessons learned from the high community participation obtained of over 200 stakeholders, and effective links created between the MPA and local benefits.

10. Two projects work in partnership with indigenous communities to obtain conservation objectives and quality of life improvements. The **Matavén** Project supported the consolidation of a 900,000 hectare indigenous *resguardo* and ecological zoning and environmental management plans designed in consensus with indigenous authorities. The project was pioneer in creating a community-led conservation area in Colombia. The **Naya** Project supports environmental land use planning with Afro-Colombian groups and indigenous communities. Lessons learned in both projects regarding sustainable production systems, conservation and indigenous participation will be of high relevance throughout the National Protected Areas System.

11. The **Sierra Nevada Sustainable Development** LIL derives important lessons learned that are applicable to the proposed project, including: working in conflict-ridden areas, in activities conducted together between the GoC and NGOs, and the transfer of resources to local NGOs for the advancement of production activities linking conservation and local welfare.

12. Finally, the GEF **Conservation of Biodiversity in the Sierra Nevada de Santa Marta** Project included the design and establishment of an endowment fund. However, this project was cancelled early on during its preparation phase and the design of the endowment fund did not progress enough to provide lessons learned to the proposed project.

Annex 3: Results Framework and Monitoring

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Results Framework

PDO/Global Environmental Objective	Outcome Indicators	Use of Project Outcome Information
Project Development Objective: To support the development of the NPAS by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP).	FUNBAP created and operational with at least US$ 15 million in endowment by PY5.	PY3 reevaluate fundraising strategy if endowment fund capitalization is less than 50% of target.
	At least 2 million hectares of core conservation areas (national parks) and 20% of the surrounding territories within the respective conservation mosaics under improved management systems[30] by PY5.	PY3 revise implementation strategy if area under improved management systems is less than 60% of target.
	Conservation mosaic work plans arising as a result of an integrated planning process linking national park objectives and surrounding landscapes' development plans in project areas by PY5.	PY1 -3: measure project implementation through Work Plans PY3-5: gauge degree of coordination between national park Work Plans and surrounding processes through selected surveys to local execution committees.
Global Environmental Objective: To arrest and reverse trends of biodiversity loss in Colombia's globally important ecosystems.	90% of ecological integrity in primitive and intangible zones maintained in core conservation areas by PY5.	PY3 revise strategy if there is a net increase in natural vegetation losses in target areas.
	Improve ecological connectivity in at least 3 delimited conservation mosaics.	PY3 revise strategy if there is a lack of connectivity in target areas.
Intermediate Outcomes One per component	**Intermediate Outcome Indicators**	**Use of Intermediate Outcome Monitoring**
Component 1: Capitalization and Consolidation of CTF CTF established and effectively channeling resources to the National Protected Areas System (NPAS).	FUNBAP decision-making structures (Board, management and administrative team) implemented and operational.	PY2 reevaluate board composition and management performance if FUNBAP operations are not satisfactory.

[30] Defined as a sum of effective conservation practices that contribute to improved PA management. Desired objectives include threat reduction, adoption of biodiversity-friendly practices, stronger governance and social legitimacy.

	Comprehensive sustainable financing strategy and action plan designed and under implementation, incorporating diverse financial mechanisms, by PY3. FUNBAP endowment achieving goals on investment returns (at least a 1 percentage point spread above the Fed Funds Rate). Three conservation mosaics' recurrent costs financed by the endowment to perpetuity by project-end. Endowment operating (non-program) costs at 20% of total revenues by PY5.	PY3 reevaluate FUNBAP operation if fundraising strategy is not operational. PY3 revise investment strategy if financial returns are lower than the established goal. PY4 reevaluate fundraising and investment strategies if endowment lacks sufficient funding capacity. PY3 revise administrative and asset management structure if costs are higher than 20%.
Component 2: Conservation Mosaics Program Conservation practices and protected area management strategies developed/tested and local capacity improved to support biodiversity conservation and sustainable use in fourteen conservation mosaics.	At least 7 core areas (national parks) of conservation mosaics with key management issues[31] addressed by effective conservation practices[32] by project-end. At least 3 conservation mosaics adopting land use changes as part of conservation mosaics management strategies by PY5. Improved scores of effectiveness indicators for at least 4 national parks by PY5. Annual improvements in conservation mosaics management efficacy and efficiency, as measured by selected SP1 Tracking Tool indicators[33]: At least 9 agreements signed with	PY1 revise strategy if less than 2 core areas under implementation. MTR revise strategy if results are under 50% of target. PY3 revise implementation strategy if results are not satisfactory. PY3 revise implementation strategy if results fail to show improvement. PY3 adjust efforts if less than 50% of targeted agreements signed. PY4-PY5 revise strategy if practices not under

[31] Defined as structural issues affecting a particular PA and upon which the PAs' level of conservation as a whole depends upon. Management Plans of National Parks contain a number of strategic lines of action; however, not all of them are as relevant to conservation objectives. The Project selects the key issues most affecting each National Park's effective level of conservation.

[32] Defined as practices that generate positive changes in a selected area's level of conservation, while responding to the area's ecological and socio-economic particularities. Such practices may include zoning agreements, sustainable production systems and restoration practices.

[33] Efficacy indicators include: coordination between competent authorities for PA and buffer zone, and % of area under management by a competent institution. Efficiency indicators are: level of coherence between Work Plans and strategic objectives; coordination between Work Plans and social processes; level of input in Work Plans by NP and social actors, and human resource management.

	stakeholders and implemented through conservation and/or sustainable use practices by PY5. At least 30% of all families adopting sustainable production systems, still maintaining them by PY5.	implementation. PY3 adjust efforts if less than 30% of targeted people adopting sustainable practices.
Component 3: Project Management and Institutional Coordination Improved institutional capacity to support the consolidation of the National Protected Areas System (NPAS), to monitor project implementation impacts and to disseminate lessons learned.	At least 4 regional NPAS committees linked to conservation mosaics established and functional by PY3. Project monitoring program under satisfactory implementation and generating quality information to aid decision-making processes by PY3. Project results and lessons learned disseminated to 4 national parks and buffer zone communities in rural landscapes.	PY2 review the NPAS coordination strategy if less than 50% of regional committees established. PY3 adjust efforts if project monitoring program is not under full implementation. Adjust dissemination strategy if targets are not reached successfully.

Arrangements for results monitoring

		Target Values					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
FUNBAP created and operational with at least US$ 15 million in endowment by PY5.	N/A	$0.0m	$5.4m	$7.3m	$10.0	$15.0m	Monthly Reports from asset manager	Asset Manager reports	FUNBAP
At least 2 million hectares of core areas of national parks, and 20% of areas to form part of selected conservation mosaics, under improved management systems by PY5.	None	0%	10%	40%	80%	100%	Bi-annual cumulative project management reports (PMRs)	M&E reports and recording of all planned and executed activities	UAESPNN/FUNBAP
Conservation mosaics Work Plans arising as a result of an integrated planning process linking national park objectives and surrounding landscapes' development plans in project areas by PY5.	N/A	10%	20%	40%	80%	100%	Annual surveys to local execution and regional NPAS committees Report from MTR World Bank implementation completion report	Targeted surveys and AM of committees Mid-term Review Mission Data reviewed by World Bank supervision and implementation completion missions	FUNBAP/UAESPNN FUNBAP/UAESPNN/WB WB
Results Indicators for Each Component									
Component One : FUNBAP decision-making structures (Board, management and administrative team) implemented and operational.	N/A	60%	100%	100%	100%	100%	Monthly Reports from asset manager Bi-annual cumulative project management reports (PMRs) Report from MTR World Bank implementation completion report	Asset Manager reports M&E reports and recording of all planned and executed activities Mid-term Review Mission Data reviewed by World Bank supervision and implementation completion missions	FUNBAP UAESPNN/FUNBAP FUNBAP/UAESPNN/WB WB
Comprehensive sustainable financing strategy and action plan designed and under implementation, incorporating diverse financial mechanisms, by PY3.	N/A	20%	50%	100%	100%	100%			
Endowment achieving goals on investment returns (at least a 1 percentage point spread above the Fed Funds Rate).	N/A	0%	1%	1%	1%	1%			

Three conservation mosaics recurrent costs financed by the endowment to perpetuity by project-end.	0	0	0	0	1	3			
Endowment operating (non-program) costs at 20% of total revenues by PY5.	N/A	-	-	50%	30%	20%			
Component Two : At least 7 core areas of conservation mosaics with key management issues addressed by effective conservation practices by PY5.	0	1	2	3	5	7	Baseline, MTR and project-end Bi-annual cumulative project management reports (PMRs) Annual surveys to local execution and regional NPAS committees Report from MTR World Bank implementation completion report	GEF SP1 Tracking Tool M&E reports and recording of all planned and executed activities Targeted surveys and AM of committees Mid-term Review Mission GEF SP1 Tracking Tool scorecard applied to project areas Data reviewed by World Bank supervision and implementation completion missions	UAESPNN UAESPNN/FUNBAP FUNBAP/UAESPNN FUNBAP/UAESPNN/WB UAESPNN WB
At least 3 conservation mosaics adopting land use changes as part of conservation mosaics management strategies by PY5.	0	0	0	1	2	3			
Improved scores of management effectiveness indicators for at least 4 national parks by PY5.	0	-	-	2	-	4			
Annual improvements in conservation mosaics management efficacy and efficiency, as measured by selected SP1 Tracking Tool indicators	N/A	10%	20%	30%	40%	60%			
At least 9 agreements signed with stakeholders and implemented through conservation and/or sustainable use practices by PY5.	0	-	-	3	6	9			
At least 30% of all families adopting sustainable production systems, still maintaining them by PY5.	0	0	30%	30%	30%	30%			

Component Three: At least 4 regional NPAS committees linked to conservation mosaics established and functional by PY3.	0 None	0 0%	2 50%	4 100%	4 100%	4 100%	Bi-annual cumulative project management reports (PMRs) Report from MTR	M&E reports and recording of all planned and executed activities Mid-term Review Mission	UAESPNN/FUNBAP FUNBAP/UAESPNN/WB
Project monitoring program under satisfactory implementation and generating quality information to aid decision-making processes by PY3.							World Bank implementation completion report	Data reviewed by World Bank supervision and implementation completion missions	WB
Project results and lessons learned disseminated to 4 national parks and buffer zone communities in rural landscapes.	0	0	0	1	2	4			

MONITORING AND EVALUATION

The project's M&E system will facilitate continuous project evaluation and allow for corrective measures whenever appropriate. This system will be designed to measure two aspects: (i) the project's administrative activities including FUNBAP's consolidation and the strengthening of social and institutional capabilities for more effective protected areas management and (ii) the consolidation of conservation mosaics and project impact on biodiversity conservation and improved landscape management strategies. Data generated from this System will provide valuable inputs to policies, strategies and programs supporting the National Protected Areas System's consolidation.

Monitoring of Managerial Activities and Project Progress

The M&E system will support the project supervision process by ensuring that baseline and follow-up data for key performance indicators are collected and made available on an ongoing basis and at strategic times including project start-up, mid-term review and closing.

The project will be guided by bi-annual assessments led by FUNBAP and accompanied by Bank supervision missions, in order to: (i) address any areas of implementation weaknesses; and (ii) adapt project design to ensure objectives are met. These measures would be reflected in Annual Operating Plans and in assessments made by the GEF Steering Committee.

FUNBAP's Administrative and Financial Management Unit will monitor financial management, including inputs, outputs, budgeting, treasury, accounting and audits, procurement management, planning and direct investment implementation. All units will be fully integrated with the support of a Management and Information system (MIS). The Administrative and Financial Management Unit will send to the Bank bi-annual financial management and procurement reports, to be required for Bank supervision missions. Key reports include: bi-annual Financial Monitoring Reports, quarterly investment performance reports from FUNBAP and the Asset Manager(s) tracking investment returns and fundraising, and the Bank's Mid-term Review and Implementation Completion Report (ICR). FUNBAP will also provide to the Bank technical progress reports and an update on legal covenants compliance every six months, to be used as inputs to Bank ISRs and to FUNBAP's management.

The Bank's supervision team, with support from a team of external reviewers, will conduct a mid-term evaluation of project execution, to be conducted no later than three years after the first disbursement. The external review will: (i) assess the degree of advancement in achieving project outcomes, (ii) propose changes in intermediate outcomes and/or in project design; (iii) evaluate institutional arrangements for project implementation and (iv) evaluate FUNBAP's operations and effectiveness.

A final evaluation will be conducted upon project closing. The key objectives of the final evaluation are to: i) assess the degree of compliance with the expected project results, ii) use the results to design a strategy for replication in future projects, and iii) assess the strategy for financial sustainability.

Monitoring of the evolution of the conservation and sustainable use in conservation mosaics: Results and Impacts

A Project Implementation Plan (PIP) has been designed as part of the M&E System (in project file) to provide timely and accurate information on project component activities, outputs and indicators. This plan will assess FUNBAP's role and administrative structure, but would focus mainly on gauging improvements in protected area management strategies obtained as a result of the project.

Impact evaluation will begin with a comprehensive biological and socio-economic baseline assessment of the national parks forming part of the project's selected conservation mosaics. While existing Management Plans include such a baseline assessment, this initial phase will seek to fill information gaps in some national parks regarding, for example, the state of hydrological and biological resources, the number of endangered species and the families inhabiting selected buffer zones.

The Plan will track the implementation of "key management issues" predefined within each National Park's Management Plan and described in further detail in Table 2 of Annex 4. In national parks, UAESPNN will implement a state-pressure-response model that will monitor the evolution of selected threats and impacts, as well as local responses to these threats (in project file), and UAESPNN will track certain indicators for each national park taking into account their differing local contexts; such indicators are included in the PIP.

To monitor the management effectiveness of national parks, the UAESPNN and the WWF designed a monitoring instrument known as Management Effectivity Analysis for Protected Areas, based on the GEF SP1 Tracking Tool for Biodiversity. This methodology has been applied to 44 out of the 51 national parks, and has been applied at baseline for all of national parks belonging to the project's conservation mosaics. This system will also be applied during the MTR and at project-end to measure the evolution of management effectiveness in selected national parks (refer to the table below for baseline assessments in 2004 for project national parks). Additionally, selected indicators from this tool will be applied annually to gauge PA management efficiency and efficacy.

The definition of specific project indicators for conservation mosaic evaluation, depends on: i) the baseline assessment of socio-economic and ecological conditions in each area (PY1-PY2); and ii) the delimitation of conservation mosaics (PY2). Results and impact indicators in conservation mosaics will be defined following a participatory process undertaken during the two first years of project execution. Natural ecosystem cover will be evaluated in conservation mosaics with the support of satellite images and aerial photographs, and an initial mapping will be undertaken and updated by project-end. This mapping will be complemented by field information and national park execution reports. However, it is important to note that it will be difficult to generate significant conservation impacts in terms of improved connectivity and ecological integrity in the short term. During PY3 the M&E system will monitor participatory planning and management activities defined in each conservation mosaic sub-project, and by project end, the system will monitor the agreed indicators.

Developing and monitoring costs and benefits related to conservation will be of high priority in the development of the project's M&E system, especially when considering the importance of providing quantitative answers to the questions generated by the relationship between investments in conservation and their returns to local communities and producers. Emphasis will be placed on the relationship between effective conservation of natural ecosystems and their impact on ecosystem conservation and environmental goods and services provision (see Annex 9). Specifically, valuing ES will form part of the Fund's Financial Sustainability Strategy.

The M&E System will be under the overall responsibility of FUNBAP. Nonetheless, the National Parks Unit and local communities may undertake data collection as well as selected indicator monitoring and evaluation, in order to fully integrate the project's M&E system into its institutional planning and evaluation processes. Since some of the indicators to be monitored will continue beyond the project, terms of cooperation with universities and research institutions would be established to assure the continuity of monitoring. It is anticipated that professional services, consultants or specialized agencies might be hired to perform monitoring of selected activities.

Results evaluation will be undertaken with the support of an independent consulting firm, to be hired during the project's Mid-term review and Final evaluations. Results and lessons learned would be disseminated widely seeking sustainability, replicability and strengthening of the National Protected Areas System. The table below presents performance targets and indicators for project activities described in Annex 4.

Table A. Project Output Indicators and Implementation Targets

Activities	Unit	Indicator					Target
		PY1	PY2	PY3	PY4	PY5	
Component 1: Capitalization of Endowment and Consolidation of FUNBAP							
1.1 To consolidate and strengthen FUNBAP management staff	No. of staff hired (person/month)	4	4	4	4	4	4
1.2 To provide working equipment (computers, furniture and office space) for adequate operation	Office Units	4	4	4	4	4	4
1.3 Individual courses for staff technicians	No. of courses	1	1	1	1	1	5
1.4 Fundraising strategy designed and under implementation by PY3	Fundraising Strategy	1	-	-	-	-	1
1.5. To elaborate an Endowment Fund Manual	No. of Manuals	1	-	-	-	-	1
Component 2: Conservation Mosaics Program							
2.1. National Park Investments							
2.1.1 To carry out selected key management issues contemplated in Strategic Action Plans of Management Plans	No. of MP under implementation	2	2	2	2	1	9
2.1.2. To involve local inhabitants of Parks and buffer zones in environmental ordering processes and restoration practices	%. of families involved	0%	5%	5%	10%	10%	30%
2.1.3. To promote community participation in planning, decision making and conservation practices	No. of participatory meetings/workshops	9	9	9	9	9	45
2.1.4. To establish agreements with local communities for conservation management and sustainable use practices	No. agreements	1	1	1	2	2	7
2.1.5. To promote watershed ordering and management processes	No. of watersheds with conservation practices	-	-	1	1	1	3
2.2. Conservation Mosaics Investments							
2.2.1. Elaborate a Sub-Projects Manual with detailed procedures for project execution in conservation mosaics.	No. of Manuals	-	1	-	-	-	1
2.2.2. To draw the boundaries of conservation mosaics	Mosaic delimitation	3	3	1	-	-	7
2.2.3. To define a biological and socio-economic baseline assessment	No. of reports	3	3	1	-	-	7
2.2.4. To establish agreements with stakeholders in conservation mosaics including tools to measure conservation and sustainable use practices	No of agreements	-	-	3	3	3	9
2.2.5. To invest in protected areas and conservation strategies	No. of projects	-	-	2	2	2	6
2.3. TFCA corridors							
2.3.1. To invest in conservation projects in selected corridors	No. projects	-	-	1	1	-	2

Component 3: Project Management and Institutional Coordination							
Subcomponent 3.1 – Project Management							
3.1.1. To consolidate and strengthen project management staff	No. of staff hired (person/month)	4	4	4	4	4	4
3.1.2. Individual courses for staff technicians	No. of courses	1	1	1	1	1	5
3.1.3. To submit Financial Monitoring Reports to FUNBAP Board and bank	No. of reports	2	2	2	2	2	10
3.1.4. Software development	Software	1	-	-	-	-	1
Subcomponent 3.2 – Institutional Coordination and Dissemination							
3.2.1. At least 4 regional committees established	Committees	0	2	2	-	-	4
3.2.2. Regional committees producing Aide Memoirs of meetings	Aide Memoirs	0	4	8	8	8	36
3.2.3. At least two Working Plans designed by regional committees	Working Plans	0	1	1	-	-	2
3.2.4. Design and establish a project website	Websites	1	-	-	-	-	1
3.2.5. Conduct 8 workshops with key stakeholders	Workshops	-	1	1	1	1	4
3.2.6. Design communications campaign	Campaign	-	1	-	-	-	1
Subcomponent 3.4 – Monitoring and Evaluation System							
3.4.1. To design relevant indicators and monitor project impacts in 9 core conservation areas within project conservation mosaics	Reports	1	2	2	2	2	9
3.4.2. To carry out baseline assessments in conservation mosaics	Assessments	9	-	-	-	-	9
3.4.3. To design relevant indicators and monitor project impact for 3 of the surrounding territories within conservation mosaics	No. Mosaics	-	-	3	-	-	3
3.4.4. To monitor management effectiveness in all beneficiary national parks through Management Effectivity Analysis for Protected Areas	# of applications	1	-	1	-	1	3
3.4.5. To provide inputs for mid-term and final evaluations	Reports			1		1	2

Table B. Management Effectivity Analysis for Protected Areas Baseline Management Effectiveness Analysis Results for Selected National Parks (2004)

VARIABLES	PNN FARALLONES	PNN SANQUIANGA	PNN SUMAPAZ	PNN CAHUINARI	RNN PUINAWAI	PNN EL TUPARRO	PNN TINIGUA	VIA PARQUE ISLA DE SALAMANCA	SFF CIENAGA GRANDE DE SANTA MARTA	PNN CORALES DEL ROSARIO Y SAN BERNARDO	SFF GUANENTA ALTO RIO FONCE	PNN LAS ORQUIDEAS	PNN ENSENADA DE UTRIA	SFF GALERAS
LONG TERM EFFECTIVENESS	80%	60%	40%	80%	80%	23%	23%	66%	60%	63%	80%	46%	63%	70%
Degree of Favorability in Management	80%	60%	50%	80%	0%	20%	60%	70%	70%	80%	80%	50%	70%	50%
Degree of Legitimacy	74%	72%	46%	90%	40%	56%	38%	80%	72%	80%	64%	22%	70%	80%
Level of Coherence between Conservation Objectives and PA Characteristics, and Relation to Regional Context	100%	20%	95%	95%	25%	60%	100%	90%	90%	85%	80%	55%	60%	75%
IMPROVEMENT IN MEDIUM TERM EFFICACY	81%	58%	57%	88%	25%	46%	57%	79%	75%	81%	72%	43%	68%	70%
Advancement in Situational Outlook	72%	48%	44%	40%	64%	20%	56%	56%	56%	68%	60%	52%	36%	80%
Advancement in Quality of Management Strategies	84%	72%	26%	58%	43%	36%	55%	68%	66%	59%	48%	36%	50%	81%
IMPROVEMENT IN MEDIUM TERM EFFICIENCY	79%	62%	33%	51%	51%	30%	56%	63%	62%	62%	53%	42%	44%	81%
MEDIUM TERM EFFECTIVENESS	80%	60%	45%	69%	38%	38%	56%	71%	69%	72%	62%	43%	56%	75%
Improvement in Area under Effective Management	56%	69%	28%	70%	60%	39%	56%	76%	62%	78%	87%	32%	46%	74%
IMPROVEMENT IN SHORT TERM EFFICACY	56%	69%	28%	70%	60%	39%	56%	76%	62%	78%	87%	32%	46%	74%
Advancement in Quality of Operational Planning	80%	88%	32%	88%	76%	68%	52%	92%	88%	92%	76%	40%	76%	96%
Advancement in Quality of Execution	90%	70%	30%	90%	80%	80%	50%	70%	70%	70%	80%	60%	70%	90%
Advancement in Quality of Monitoring Processes	64%	64%	28%	20%	24%	20%	52%	60%	64%	52%	32%	32%	20%	28%
Advancement in Quality of Management Evaluation	90%	85%	60%	80%	65%	40%	65%	75%	75%	75%	65%	24%	65%	75%
Advancement in Quality of Administrative Procedures	50%	41%	37%	48%	48%	46%	52%	37%	32%	55%	45%	51%	57%	61%
IMPROVEMENT IN SHORT TERM EFFICIENCY	75%	70%	37%	65%	59%	51%	54%	67%	66%	69%	60%	41%	58%	70%
SHORT TERM EFFECTIVENESS	65%	69%	33%	68%	59%	45%	55%	71%	64%	73%	73%	37%	52%	72%

Annex 4: Detailed Project Description

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

The Project Development Objective is to support the development of the NPAS by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). FUNBAP was established as a private-sector foundation with a majority private-sector representation on its board and a mandate to execute public-sector conservation policies related to the NPAS. The Global Environmental Objective of this Project is to arrest and reverse trends in biodiversity loss in Colombia's globally important ecosystems.

The envisioned project outcome indicators are:

- FUNBAP created and operational with at least US$ 15 million in the endowment fund;
- At least 2 million hectares of core conservation areas (national parks) and 20% of the surrounding territories within the respective conservation mosaic under improved management systems;
- Conservation mosaic work plans arising as a result of an integrated planning process linking national park objectives and surrounding landscapes' development plans in project areas by PY5;
- 90% of baseline natural vegetation cover maintained in target areas, and
- Improve ecological connectivity in at least 3 delimited conservation mosaics.

Project Overview and Components

Launching the Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas (FUNBAP) is a priority to the Ministry of the Environment, Housing and Territorial Ordering (MAVDT). FUNBAP is a strategic mechanism for the development and consolidation of the National Protected Areas System, which would potentially integrate various PA management categories and sustainable use strategies in order to reverse current trends of biodiversity loss (refer to Annex 1). FUNBAP is being conceived as the National Protected Areas System's specialized and long-term financing vehicle with significant leveraging potential for local and international resources. Additionally, FUNBAP will contribute to the environmental sector's institutionality, coordination and visibility.

FUNBAP is being designed to contain a mixed composition of endowment and sinking funds. While the endowment will seek long-term financial sustainability for the National Protected Areas System, FUNBAP will also execute direct investments in the consolidation of selected conservation mosaics, including Protected Areas and complementary landscapes (see Annex 19). The endowment will finance the recurrent costs of three core areas within selected conservation mosaics (see Annex 20 for selection criteria.)

The project is innovative in two main aspects. First, the project adopts the concept of conservation mosaic to scale up landscape biodiversity conservation in PAs.[34] While this is not a new concept in Colombia (see Annex 19), the pilot experiences developed in the project will establish cooperation agreements for conservation mosaic management, create local execution committees in each mosaic and transfer the responsibility of project activities to local stakeholders, supporting income-generating sub-projects that are related to sustainable production and conservation. The concept arises from the following realities: i) from an ecological standpoint, most national parks in Colombia present design failures, and ii) from a human standpoint, unresolved social conflicts persist between national park conservation policies and local populations. The application of the conservation mosaic concept

[34] This proposal is in line with the current recommendation of scaling-up conservation at the landscape level (World Conservation Union) www.iucn.org

allows the project to: i) manage endangered species located within rural productive landscapes[35], ii) fill ecosystem representation gaps, and iii) gain social legitimacy and governance through sustainable natural resource use agreements[36]. The conservation mosaic approach will build upon the UAESPNN's experience in implementing its policy of social participation in conservation, and on lessons learned in the WB Productive Alliances Support Project (see Annex 2).

Second, a competitive selection process will be undertaken during PY3 whereby conservation mosaics will be rated according to their resource execution and consolidation capabilities. Project mosaics with the highest ratings will sign on to the endowment to receive financial resources to perpetuity to cover their incremental, recurrent costs.

It is important to note that the NPAS law, to be drafted by the UAESPNN and the Environment Ministry, depends on congressional approval and is outside of the project's scope. Project activities have been designed and may be undertaken under current legislation, which awards legal validity and autonomy to various PA categories. Once approved, the NPAS law must respect existing legislation. If the NPAS law tries to modify basic constitutional rights, this would require a constitutional amendment, which is unlikely. Even under the scenario of a constitutional amendment, private property and ethnic rights would most likely be respected under current conditions.

Total project cost is US$42.4 million, of which US$15.0 million is being requested from the GEF. The project will have three components: (i) Capitalization of Endowment and Consolidation of FUNBAP; (ii) Conservation Mosaics Program; and (iii) Project Management and Institutional Coordination. The costs of each component and subcomponent are summarized in Table 1.

Table 1[37]. Project Costs by Component and Subcomponent and Financing (million US$)

	Total		GEF		TFCA		UAESPNN		CARs		Other Donors	
	US$	%	US$	%	US$	%	US$	%	US$	%	US$	%
Component 1: Capitalization of Endowment and Consolidation of FUNBAP												
1.1. Capitalization of Endowment	15.00	35.4	7.50	50.0	5.00	52.6	0.00	0.0	0.00	0.0	2.50	42.0
1.2. Fundraising strategy and Fund mgmt	0.88	2.1	0.62	4.1	0.00	0.0	0.00	0.0	0.00	0.0	0.26	4.4
Subtotal	**15.88**	**37.4**	**8.12**	**54.1**	**5.00**	**52.6**	**0.00**	**0.0**	**0.00**	**0.0**	**2.76**	**46.4**
Component 2: Conservation Mosaics Program												
2.1. National Park Management Plans	8.21	19.4	3.35	22.4	0.00	0.0	3.60	48.3	0.00	0.0	1.26	21.1
2.2. Conservation Mosaic investments	5.24	12.4	1.78	11.9	0.00	0.0	0.00	0.0	3.46	77.2	0.00	0.0
2.3. TFCA corridors	10.17	24.0	0.00	0.0	3.83	40.3	3.75	50.4	1.02	22.8	1.57	26.3
Subtotal	**23.62**	**55.7**	**5.14**	**34.2**	**3.83**	**40.3**	**7.35**	**98.6**	**4.48**	**100.0**	**2.83**	**47.4**
Component 3: Project Management and Institutional Coordination												
3.1. Project Management	1.60	3.8	0.92	6.1	0.68	7.1	0.00	0.0	0.00	0.0	0.00	0.0
3.2. Institutional Coordination/Dissemination	0.97	2.3	0.52	3.4	0.00	0.0	0.07	1.0	0.00	0.0	0.37	6.3
3.3. Monitoring and Evaluation	0.34	0.8	0.31	2.1	0.00	0.0	0.03	0.4	0.00	0.0	0.00	0.0
Subtotal	**2.90**	**6.8**	**1.75**	**11.7**	**0.68**	**7.1**	**0.10**	**1.4**	**0.00**	**0.0**	**0.37**	**6.3**
Total Project Costs	**42.40**		**15.00**		**9.50**		**7.46**		**4.48**		**5.96**	

[35] The Conservation and sustainable use of biodiversity in the Andean Region project (GEF Andes) is developing concepts and tools for biodiversity management in rural landscapes.

[36] The UAESPNN has important experience in the promotion of sustainable productive systems for conservation in buffer zones of National Parks (Ecoandino Project, see Rojas, A. Ed. (2005).

[37] This table has been modified from the version sent to GEFSEC based on an ongoing analysis of human resource requirements at FUNBAP.

Component 1. Capitalization of Endowment and Consolidation of FUNBAP (US$15.9M Total; US$8.1M GEF)

The objectives of this component are to capitalize the Endowment, design and implement a financial capitalization strategy which shall include diverse mechanism and various financial resources, and effectively channel resources to the NPAS by project-end. (A detailed description of the fund's creation and governance structure is described in Annex 18.)

1.1. Capitalization of Endowment

The endowment fund's capitalization will be based on the fundraising goal of matching GEF funds on at least a 1:1 ratio for the endowment fund. The endowment fund will harbor initial commitments of US$15 million, half of which are sought from the GEF, US$5.0 million from the debt-for-nature swap agreement signed in 2004 with the United States government through the Tropical Forest Conservation Act (TFCA), and US$2.5 million in additional counterpart commitments.

Since endowment yields will not be sufficient to cover all project areas, a competitive selection process will be undertaken during Year 3 to choose the Mosaics to receive recurrent cost financing. This innovative competitive selection scheme will provide incentives for project execution and results achievement, guaranteeing the long-term sustainability of selected PAs. This process, to be undertaken by the Steering Committee and approved by FUNBAP's Board and the Bank, will include the following preliminary criteria: (a) the quality of execution of direct investments; (b) the improvement and consolidation of effective management strategies for conservation; (c) the potential to guarantee long-term sustainability and conservation, and (d) the presence of social and institutional arrangements that support long-term conservation. Additional criteria will be determined during the first year of project execution.

At least 65% of the GEF endowment fund revenues will be used to cover recurrent costs of selected national parks, while the remaining 35% of the GEF endowment fund's investment income will be potentially destined to other PA categories. The principal key outputs of this subcomponent are: (i) an Endowment Fund manual, detailing conservation mosaic selection criteria, investment guidelines, and eligible costs and (ii) a US$15 million Endowment Account established and generating investment yields.

1.2. Fundraising Strategy and Fund Management

The aim of this subcomponent is to support the consolidation of FUNBAP. FUNBAP was established as an optimal financial and legal mechanism that will be attractive to both national and international donors, local constituents and organizations, efficient in resource disbursement and allocation, independent from political and administrative volatility, and with the capacity to act as a catalyst to promote sector coordination and institutional visibility.

The GEF will finance FUNBAP's start-up expenses operational costs fully during the project's first two years and in a declining pattern during the remainder of project execution (see Annex 18 for a description of FUNBAP and Annex 9 for detailed Endowment financial projections).

Principal activities in fulfillment of this subcomponent include: (a) establishing FUNBAP's administrative and financial structure; (b) designing financial portfolio asset allocation and investment strategies; (c) designing and implementing FUNBAP's fundraising strategy, and (d) establishing coordination mechanisms to effectively contribute to NPAS conservation objectives.

Key outputs of this subcomponent will include: (a) an Endowment Fund Operational Manual; (b) a satisfactory contract(s) with the established Asset Manager(s); (c) the establishment of an appropriate administrative and financial structure, and (d) a comprehensive fundraising strategy.

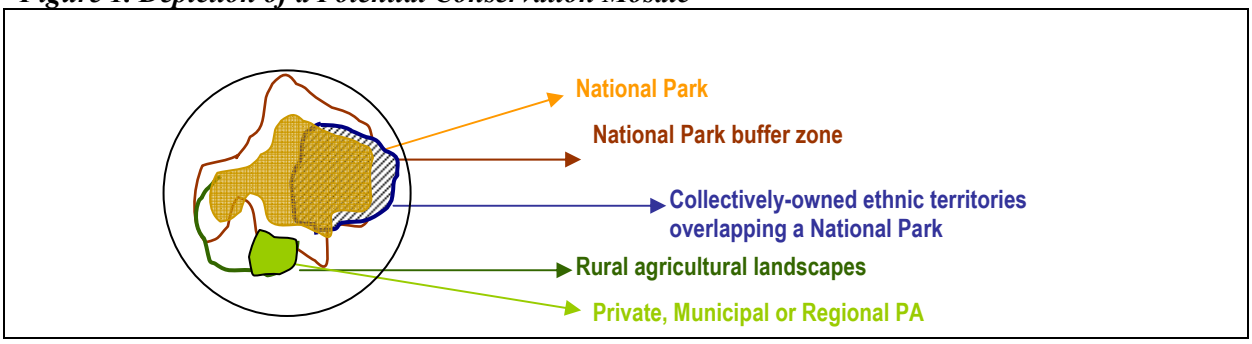
Component 2: Conservation Mosaics Program (US$23.6M Total; US$5.1M GEF)

This component's objective is to improve effective management in fourteen conservation mosaics, 9 of which will be financed by GEF and between 2 and 5 to be financed with TFCA debt-swap proceeds. Conservation mosaics are here defined as systems including a national park as "core" conservation area and integrating other PA management categories and sustainable production systems in rural landscapes. This concept supports the social, ecological and financial sustainability of selected PAs. Under this approach, the project will achieve more sustainable and replicable Protected Areas management as it supports sustainable production strategies in adjacent agricultural landscapes, integrates key stakeholders (such as the Regional Autonomous Corporations, or CARs) and reverses ecosystem fragmentation (refer to Annex 19 for a full description of the conservation mosaic concept and to Annex 20 for the project's selection criteria).

Key activities in support of this component will include: design and implementation of conservation programs, management strategies and sustainable production systems within conservation mosaics, and provision of support to potential beneficiaries (including technical assistance and training) to assist in the design and identification of Subproject proposals. GEF investments in conservation mosaics will maintain a ratio of 65% of resources directed to national parks and 35% to surrounding PAs and/or productive landscapes[38]. Allocating resources to other PA categories and territorial management strategies will: (i) complement biodiversity conservation at the landscape scale, through the maintenance and restoration of landscape biological connectivity and ecological integrity; (ii) develop improved management systems integrating national parks to their surrounding landscapes; (iii) leverage additional resources for conservation from private and public organizations; (iv) support sustainable production sub-projects, applying lessons learned from related projects[39]; and (v) serve as pilot experiences to be replicated throughout the NPAS.

The following diagram represents a potential[40] conservation mosaic, which would be established with a national park and its buffer zone at its "core", and integrated to complementary protected areas and rural productive landscapes.

Figure 1. Depiction of a Potential Conservation Mosaic



[38] This ratio was determined following an agreement with the National Parks Unit.
[39] Relevant lessons can be applied from the GEF-Andes and the GEF-Regional Silvopastoral projects as well as from the Strategy of Sustainable Production Systems for Conservation implemented in national park buffer zones.
[40] A typical conservation mosaic would probably not include all the different protected areas and stakeholders.

The 14 selected conservation mosaics to be financed by the GEF, TFCA and other donors (see Annex 17 for a map of the project's conservation mosaics and Annex 20 for mosaic descriptions) are the following:

Table 2. Financed National Parks and Conservation Mosaics

GEF Conservation Mosaics	***TFCA Corridors***
1. Galeras national park and mosaic	1. Tuparro national park- Biosphere reserve
2. Sanquianga national park and mosaic	2. Yariguies national park and Quinchas Corridor
3. Farallones national park and mosaic	*3. Bosque de Robles and Guanentá national park/Rio-Fonce*
4. Utría national park and mosaic	*4. Sumapaz national park - Tinigua national park*
5. Orquídeas national park and mosaic	*5. Sierra Nevada de Santa Marta eco-region*
6. Corales del Rosario national park and mosaic	
7. Old Providence national park-Biosphere Reserve/mosaic	
8. Puinawai national park and mosaic	
9. Cahuinarí national park and mosaic	

It is important to note that TFCA corridors 3, 4 and 5 may be financed at a later stage during project execution. This decision will be discussed during the MTR.

2.1. National Park Investments

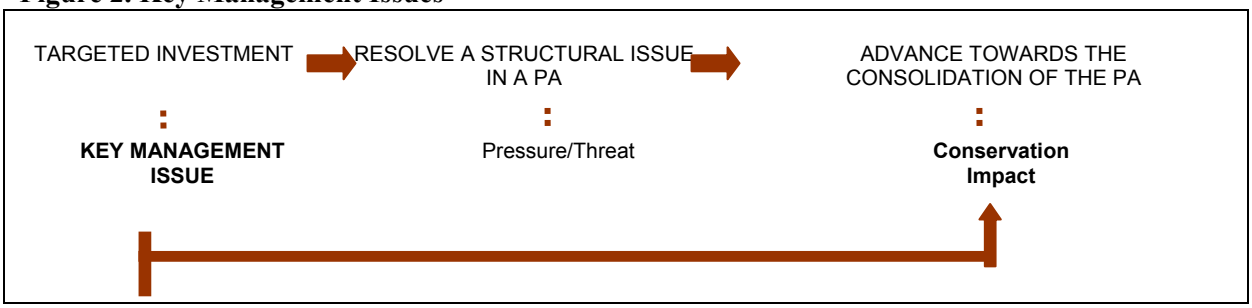
The aim of this subcomponent is to reduce existing threats to conservation through the execution of selected "key management issues" contained in the Management Plans of the project's selected national parks[41] (see diagram below and Figure 4 at the end of this annex). FUNBAP will be in charge of coordinating the execution of this subcomponent, but UAESPNN, national park Directors and teams will be responsible for elaborating Work Plans and carrying out the subcomponent's activities.

national park Management Plans consider a wide range of aspects and strategies that are relevant to the conservation state of a PA. However, the implementation of every strategy does not have the same impact on effective conservation. According to each Park's specific natural and social situation, some aspects are more crucial than others.

By addressing "key management issues", the project seeks to achieve cost-effectiveness and maximum impact on biodiversity conservation in its interventions (see diagram below). Lessons learned from targeted interventions may contribute to generating best practice management systems, based on the experiences of different types of Parks, with different types of threats and stakeholders, which will facilitate replication to other Parks in the National Protected Areas System. Additionally, monitoring of resource execution and impact will be more effective.

[41] In 2004, all existing National Parks (49) drafted Management Plans that specify the main threats facing the areas and propose five-year Strategic plans including various strategic lines of action, or "key management issues". The Policy of Social Participation in Conservation (refer to annex 1) seeks to develop short, medium and long-term strategies that generate sustainable economic and social alternatives and improve the quality of life of inhabitants in national park buffer zones. These Plans, as the main instrument to implement the Policy, seek to address the root causes of degradation within the National Parks' System, and to increase communities' commitment to protecting PAs, as well as helping to curb illicit crop cultivation, inadequate land use, poverty and the lack of sustainable economic alternatives.

Figure 2. Key Management Issues



The project will develop participatory management schemes and sustainable natural resource use agreements, reducing anthropogenic pressures and increasing the functionality of strategic ecosystems. These issues have been defined for the nine GEF national parks and include, among others:

- Fishing zoning agreements, with the participation of local stakeholders, including fishermen;
- Zoning agreements in national park buffer zones;
- Sustainable production systems in rural agricultural landscapes;
- Ecological restoration, and
- Co-management agreements in national parks overlapping with collectively owned indigenous and Afro-Colombian territories.

Principal activities undertaken in this subcomponent include to: (a) execute selected "key management issues" contained in each National Park's Management Plan; (b) involve local inhabitants of Parks and buffer zones in environmental ordering processes and restoration practices; (c) promote community participation in planning, decision making and conservation practices; (d) establish agreements with local communities for conservation management and sustainable use practices; (e) promote watershed ordering and management processes, and (f) promote coordination with ethnic authorities (if the situation arises) for conservation and PA management.

Key outputs for this subcomponent are the following: (a) 9 national parks with Management Plans under implementation; (b) 45 participatory meetings and workshops held; (c) 7 agreements signed with local communities for the adoption of conservation and sustainable use practices, and (e) 4 watersheds adopting conservation management practices.

2.2. 9 GEF Conservation Mosaic Investments

The aim of this subcomponent is to integrate surrounding landscapes and other PA categories to the project's selected "core" conservation areas (national parks), forming socially and economically sustainable conservation mosaics. Investments in this subcomponent will seek the following objectives: (a) to support ecological connectivity; (b) to support the conservation and restoration of ecologically and culturally important sites and endangered species; (c) to adopt sub-projects involving sustainable natural resource practices in complementary rural landscapes, and (d) to declare new Protected Areas.

Regarding investments in surrounding PAs and landscapes, the project will support the establishment of local execution committees in each conservation mosaic. During the project's first two years of execution, FUNBAP in coordination with each national park will undertake participatory processes for stakeholder identification, baseline assessments and conservation mosaic delimitations. As a result of this process, *cooperation agreements* will be signed with local execution committees in conservation mosaics to: select key management issues in coordination with the national park and define conservation and sustainable use goals and strategies, establish joint-working schemes and execution

responsibilities, and define sub-project proposals, to be implemented beginning in the project's Year 3. One or more key stakeholders may sign *subsidiary agreements* with the FUNBAP for execution of sub-projects (see Annex 6). During the Mid-term review (MTR), the project team will evaluate investments in conservation mosaics and the impact of project activities on addressing conservation mosaics' root causes of natural resource degradation.

Key outputs for this subcomponent will include: (a) 9 Mosaics determined; (b) 9 baseline assessments for the selected Mosaics; (c) a Sub-projects Manual elaborated to guide execution of subprojects; (d) 9 conservation agreements established with stakeholders in conservation mosaics, and (e) 6 projects financed supporting conservation and sustainable natural resource use.

2.3. 5 TFCA Conservation Mosaics

The aim of this subcomponent is to invest in the consolidation of 5 Mosaics which include national parks and surrounding biological corridors. These Mosaics were selected during the negotiation of the recent debt-for-nature debt swap agreement signed between the Colombian and United States government in 2004.

The TFCA Steering Committee is composed of the National Parks Unit and representatives from A.I.D., The Nature Conservancy, Conservation International and the World Wildlife Fund, and will oversee investments in this subcomponent. Key activities, to be undertaken by national parks Directors and selected stakeholders will include:

- Restoration and protection of Protected Areas harboring Colombian tropical forests, through the following activities: implementation of participatory Management Plans (MPs); an increase in these areas' connectivity and ecological integration; the restoration of natural ecosystems; the creation of new PAs and other conservation categories, and the consolidation of Regional Protected Area Systems.
- Implementation of natural resource management strategies compatible with biodiversity conservation.
- Training programs centered on PA policy development, effective PA planning and management and local conservation initiatives.
- Protection and sustainable management of endangered fauna and flora included in national and international endangered species lists.
- Identification and research of tropical forest medicinal plants, with a focus on: i) market research studies, and ii) the inclusion and protection of traditional knowledge and use associated with tropical forest plant species, according to Colombian Law.
- Support to productive activities and ways of life of local communities inhabiting in or near tropical forests that are consistent with biodiversity conservation.

The key output of this subcomponent will be the execution of investments in the 5 selected conservation mosaics, consistent with the activities described above.

Component 3. Project Management and Institutional Coordination (US$2.9M Total; US$1.8M GEF)

The objective of this component is overall management of the proposed project including improved institutional coordination, monitoring and evaluation (M&E) and dissemination.

3.1. Project Management

This subcomponent will support overall project execution to be undertaken by FUNBAP. As Executing Agency, FUNBAP will be specifically responsible for: (a) procurement, disbursement and financial execution; (b) elaborating project and financial monitoring reports and preparing project Work Plans; (c) preparing annual execution reports or any request for information by the Bank or other donors; (d) monitoring and evaluation of project activities and their impact on conservation, and (e) execution of activities related to investments in conservation mosaics (Component 2), such as their delimitation and baseline assessment, as well as the establishment of conservation agreements and institutional arrangements.

A project Operational Manual (OM) has been prepared and includes: project objectives, eligible expenditures and detailed spending rules, description of the funding approval cycle, eligibility of participating institutions and institutional responsibilities, procedures for the participatory planning and execution processes undertaken by conservation mosaic stakeholders, procedures for fund disbursement to existing PAs and conservation mosaic stakeholders, procurement rules, and guidelines on monitoring and evaluation of project activities, integration and responsibilities between areas, among others. Additionally, a FUNBAP OM will be completed prior to effectiveness, including TORs of main personnel and additional formats, internal control mechanisms and procedures.

Key outputs related to this subcomponent will include: (a) a competent team hired and trained in FUNBAP; (b) relevant software developed for producing relevant reports, and (c) bi-annual Financial Monitoring Reports submitted to the FUNBAP Board and Bank.

3.2. Institutional Coordination and Dissemination

The goals of this subcomponent are to support NPAS regional coordination committees and to disseminate project experiences to at least 4 national parks and their buffer zone rural communities. Regional committees established would include wide stakeholder representation (Regional Autonomous Corporations, municipalities and local NGOs) and would support continual fundraising as well as dissemination and coordination of project investments.

The activities of this subcomponent include: (a) establishing four regional coordination committees; (b) organizing bi-annual committee meetings; (c) designing Working Plans by the regional committees; (d) establishing and updating a project website, and (e) organizing local and regional workshops, as well as a public dissemination campaign, to disseminate project experiences.

Key outputs of this subcomponent are the following: (a) 4 regional committees established; (b) at least 2 working plans designed by the regional committees; (c) 1 project website, and (d) 8 workshops with key stakeholders.

3.3. Monitoring and Evaluation

The objective of this subcomponent is to undertake the project Monitoring and Evaluation (M&E) System, described in fuller detail in Annex 3. The M&E System will be in charge of FUNBAP's Technical Unit.

The M&E system will facilitate continuous project evaluation and allow for corrective measures whenever appropriate. This system is being designed to measure two aspects: (i) the project's administrative activities including FUNBAP's consolidation and the strengthening of social and institutional capabilities for more effective protected areas management and (ii) conservation and

sustainable use in conservation mosaics, to include their consolidation and project impact on biodiversity conservation and improved landscape management strategies. Data generated from this System will provide valuable inputs to policies, strategies and programs supporting the National Protected Areas System's consolidation. The system's implementation will include training activities.

Key activities and outputs for this subcomponent include: (a) Baseline, Mid-term and End-of-project monitoring of management effectiveness in the project's national parks (GEF SP1 Tracking Tool); (b) baseline assessments where needed; (c) relevant impact indicators for the conservation mosaics designed and monitored; (d) "key management issue" indicators for the project's conservation mosaics monitored, as well as the project's intermediate outcome indicators listed in the project's Results Framework, and (e) inputs for Bank mid-term and final project evaluations.

Table 3. KEY MANAGEMENT ISSUES IN GEF NATIONAL PARKS

PA	OBJECTIVE	PRESSURES	CURRENT MANAGEMENT STATUS	OUTCOME INDICATORS	IMPACT INDICATORS
Farallones national park	Management of watersheds in the Pacific slope, starting from work coordinated together with resident ethnic groups and CAR.	Anthropogenic pressures due to mining and forest extraction activities, extension of agricultural frontiers and increased human settlements in buffer zones.	Current formal agreements with indigenous and black groups (Yanaconas 2001 and 2002) that have served as spaces for conceptual and political discussion. However, no concrete agreements have been reached on the use and management of natural resources. Agreements with CAR and municipalities for the management of watersheds are yet to be formalized.	- State of agreements between afro-colombian communities, indigenous communities and the Park to reduce conflicts regarding the use and occupation of the Protected Area. - Inter-institutional agreements and agreements with grassroots organizations for the management of priority watersheds.	- State of (increased) coverage of highly wet subtropical forest on the Pacific front of the Farallones national park. - State of watersheds that serve as buffer zones for pressures on the Park.
Biosphere Reserve- Old Providence Mc Bean Lagoon national park	Management of buffer zone (McBean microwatershed), fisheries management and tourist management	Contamination of mangrove due to improper handling of solid residues in the McBean microwatershed. Small-scale fishing of threatened species (lobster, snail and coral fishes); occasional hunting of iguanas; extensive cattle raising in the buffer zone; disorganized tourist activities.	Informal agreements with small-scale fishermen in place. Inter-institutional agreement in process for the administration and management of protected areas. No community engagement to work in the buffer zone (approximately 500 inhabitants).	Inter-institutional agreements formalized. Dynamic spaces for civic participation. Concerted fishing management plan.	- State of dry forest, sampling the variation in the coverage of forest, crops and grassland. - State of populations of species associated to coral and mangrove formations.
Utría national park	Fisheries management	- Indiscriminate fishing carried out by black communities seated in the national park area of influence. - No Tourist Management Plan in place to prevent environmental impacts on coral reef, mangrove and beach ecosystems.	Agreement with Riscales and El Cedro black community councils in place to prepare an agreed proposal for fisheries management in Utría Cove, as well as for drawing up Natural Resource Management Plans for their collective territories.	Progress report on Fisheries Management Plan for the national park area of influence.	- State of conservation of mangrove and coral ecosystems in Utría Cove. - State of conservation of ichthyic resources.

PA	OBJECTIVE	PRESSURES	CURRENT MANAGEMENT STATUS	OUTCOME INDICATORS	IMPACT INDICATORS
Cahuinarí national park	Special Management system (for charapa turtles and tapirs).	Commercial exploitation of charapa turtle and ornamental fishing in the tributaries of the Caquetá and Cahuinarí rivers, with white merchants and indigenous labor. Lack of information on state and supply/demand of resources.	The first agreements on charapa turtles with the bora and miraña communities took place in 1994. From 1995 to 1998, education and training of environmental leaders and joint monitoring of charapa turtles. In 2001 an inter-administrative Agreement was signed with the indigenous authorities for the co-management of the PA.	- Intercultural monitoring and research techniques and methodologies agreed. - Number of indigenous people involved in monitoring their own research processes. - Traditional uses of biodiversity recovered.	- State of recovery of charapa turtle populations. - State of recovery of arawana populations. - State of recovery of tapir populations.
Orquídeas national park	Ecological restoration and environmental management in buffer zone.	- 570 peasants live in the PA, affecting 20 percent of the (Andean and Subandean Forest) PA due to extensive cattle ranching and expansion of agricultural frontier. 95 percent of them are owners of property. - Species threatened by hunting practices: Andean bears and pumas. - Extraction of species, leading to habitat loss for orchids and amphibians.	In April 2002 a local work agenda was agreed with the Indigenous Organization of Antioquia - OIA -, defining short- and medium-term work criteria, priorities and goals for the intercultural management of the overlapping area. In 2004 an Inter-administrative Cooperation Agreement for the coordination of control and monitoring activities in the overlapping area was reached. Limited management with the rural communities living in the PA.	State of advancement of agreements to restore degraded areas with peasant communities. Social and institutional agreements formalized for the environmental management of the buffer zone inside the PA. Advancement report on agreements with rural communities for the restoration of degraded areas.	State of and total area restored in nature recovery area.
Puinawai NNR	Environmental Management in buffer zone - sustainable ornamental fishing pilot experience	Ornamental fishing practiced both by indigenous and settlers. No information available on peasant/settler population in buffer zones.	The park began its management activities in 2002, focused on the creation of agreements with authorities and indigenous organizations in the area: AICURIGUA, OPDGUA and ASOCRIGUA. Work centered on Territory Environmental Management in the areas of influence. No agreements in place for the management of ornamental fishing; no baseline information available on supply/demand or any affected species.	- Progress of agreement processes with indigenous authorities for the management of natural resources in areas overlapping the reserves. - Implementation level of sustainable ornamental fishing pilot experience.	-State of conservation of high caatingas. State of populations of ornamental fish species.

PA	OBJECTIVE	PRESSURES	CURRENT MANAGEMENT STATUS	OUTCOME INDICATORS	IMPACT INDICATORS
Galeras FFS	Monitoring biodiversity and effects of volcanic activity Sustainable conservation systems in buffer zones	Anthropogenic pressure due to the extension of the agricultural frontier. Ecological effects from volcanic activity.	- Since 2000 the establishment of a SSC with 900 families from 23 rural villages around the park has been developed. The creation of the Asociación Tierra Andina and the formation of seven civil society reserves have been supported. - Participation in the Regional Committee for Disaster Prevention and Management.	- Advancement report on the baseline for biodiversity monitoring. - Number of families engaged in the strategy for sustainable conservation systems. - Advancement report on Contingency Plan for Impact Management.	- State of recovery of Andean forest areas intervened - Area of buffer zone with implemented sustainable conservation systems.
Rosario Corals FFS	Fisheries Management and Tourist Management	- Pressure on fisheries resources by 2000 native inhabitants of the islands to meet the tourist demand. - Massive tourist inflow to specific sites in the Archipelago. Carrying capacity of the islands for the tourist activity has not been determined.	Progress has been made regarding characterization of the San Bernardo island for the formulation of the PA Management Plan, but no engagement process with the communities for the management of natural resources or tourist management has yet been started.	- Agreements for the management of fisheries resources in the PA. Agreements for tourist management reached with local San Bernardo Archipelago communities and entities. Implementation level of ecotourism management plan.	Degree of mangrove, sea-grass bed and coral reef recovery. Percent increase in fish sizes and volumes as a result of fisheries management.

Annex 5: Project Costs

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Component Project Cost Summary
(US$'000)

Component/Subcomponent	Local	Foreign	Total GEF
Component 1: Capitalization of Endowment and Consolidation of FUNBAP			
1.1. Capitalization of Endowment	-	7,500	7,500
1.2. Fundraising strategy and Fund mgmt	546	9	555
Subtotal	**546**	**7,509**	**8,055**
Component 2: Conservation Mosaics Program			
2.1. National Park Management Plans	3,018	-	3,018
2.2. Conservation Mosaic investments	1,603	-	1,603
2.3. TFCA corridors	-	-	-
Subtotal	**4,622**	**-**	**4,622**
Component 3: Project Management and Institutional Coordination			
3.1. Project Management	820	9	829
3.2. Institutional Coordination/Dissemination	465	-	465
3.3. Monitoring and Evaluation	271	8	279
	1,556	**17**	**1,573**
Total BASELINE COSTS	6,724	7,526	14,250
Physical Contingencies	224	1	225
Price Contingencies	523	2	525
Total PROJECT COSTS	**7,471**	**7,529**	**15,000**

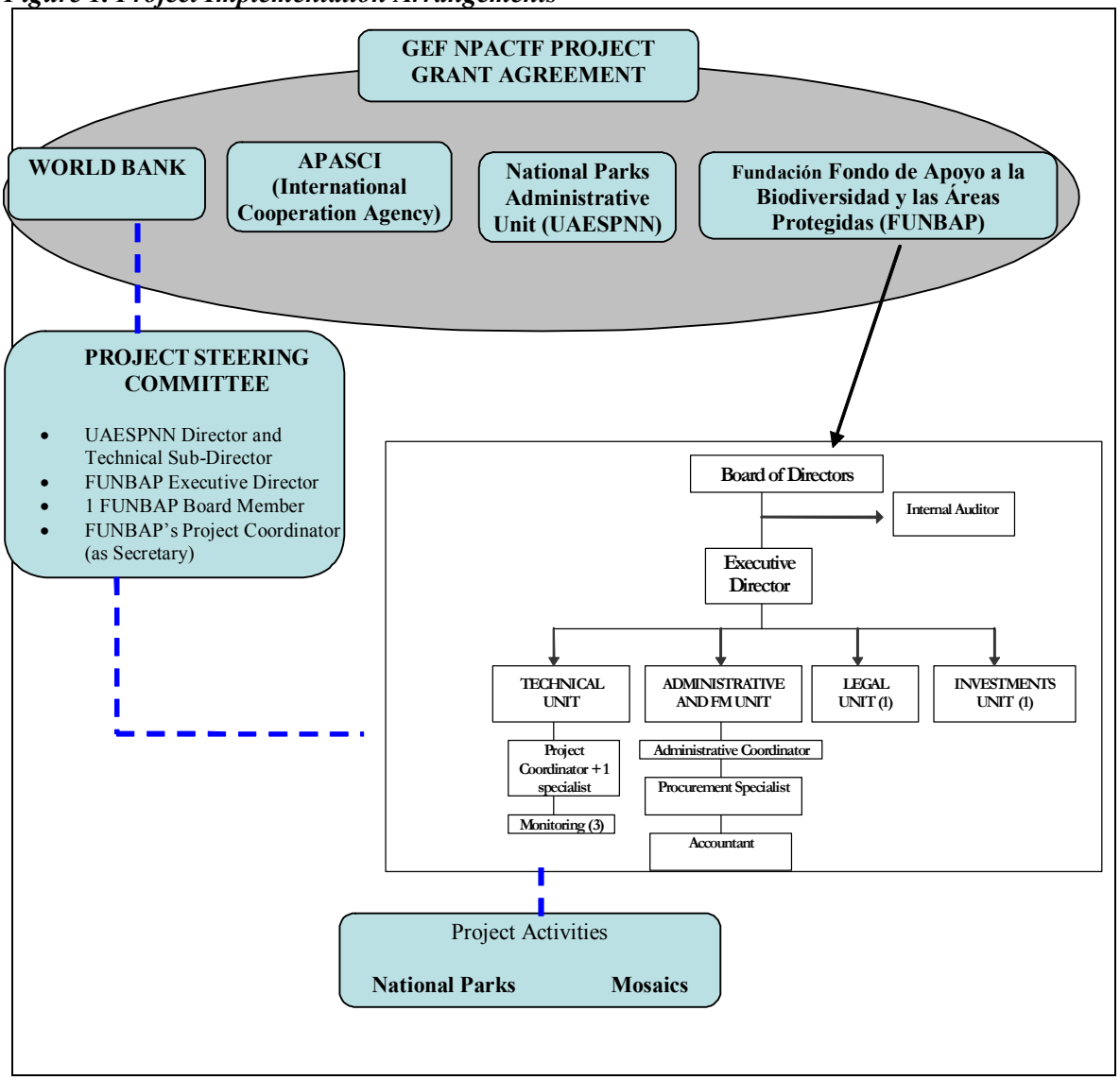
Annex 6: Implementation Arrangements

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Overview of Institutions and Agreements

Key institutions involved in the project will be the Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas (FUNBAP), the National Parks Administrative Unit (UAESPNN) and local stakeholders, including CARs, NGOs and other entities. As grant recipient and Executing Agency, FUNBAP is responsible for project coordination and administration, including: (a) project activity supervision; (b) procurement of goods and services for project execution with GEF grant resources; (c) the project's accounting and financial management; (d) technical and administrative monitoring and overview; (e) fundraising and (f) establishing and supervising the endowment account (See Annex 18 for a detailed description of FUNBAP). Project execution will also be supported by a **Project Steering Committee**, which will provide overall guidance and support to the various agencies and FUNBAP during project execution.

Figure 1. Project Implementation Arrangements



A **Grant agreement** will be signed between the World Bank (as implementing agency of the GEF), the FUNBAP, as Executing Agency; the National Parks Administrative Unit (UAESPNN) as representative of the Ministry of the Environment, Housing and Territorial Development- MAVDT; and the Presidential Agency for Social Action and International Cooperation (APASCI).

An **implementation agreement** will be drafted prior to negotiations and signed between UAESPNN and FUNBAP before the GEF's first disbursement. UAESPNN is responsible for: i) National park Work Plan elaboration and the submission of selected items for financing by FUNBAP; ii) coordination and supervision of project activities in national parks; iii) supporting FUNBAP in its coordination of a participatory process with stakeholders to delimit, define activities and objectives in project conservation mosaics; iii) supporting the NPAS's institutional consolidation; iii) monitoring project implementation and conservation impact in national parks; iv) participation in the project Steering committee and in FUNBAP's board of directors, and v) coordination of fundraising efforts to finance the national park System with FUNBAP. Specific functions, coordination and execution processes will be defined in a separate annex within the project OM.

Subsidiary Agreements for Execution of Sub-Projects. Upon the formation of local execution committees in each conservation mosaic (further detail regarding such processes is provided below) and the signature of voluntary cooperation agreements, FUNBAP may sign subsidiary agreements with organizations forming part of local execution committees for the sub-execution of project activities. Beneficiary organizations must be duly registered and in ability to receive funds and execute activities, as well as possess prior project execution experience. Organizations will potentially include: Regional Autonomous Corporations, territorial entities, ethnic authorities, NGOs and grassroots organizations. A model of this agreement is included in the project Operational Manual.

Functions and Responsibilities

FUNBAP, as grant recipient and executing agency, has the following functions and responsibilities:

- Implement the Grant Agreement's policies and guidelines.
- Sign and coordinate the execution of the Implementation Agreement with UAESPNN.
- Execute the financial resources provided by the WB.
- Coordinate and supervise the implementation of all project activities.
- Coordinate the project's financial management and procurement arrangements.
- Submit withdrawal applications, Annual Operating budgets and Plans to the WB for clearance and disbursement.
- Sign contract with the asset manager for the investment of the endowment account.
- Supervise the adequate management of both the endowment and sinking funds.
- Design and execute the Fund's financial sustainability strategy.
- Disburse and manage resources required for project execution.
- Sign subsidiary agreements for the execution of sub-projects and supervise their execution.
- Undertake the project's monitoring and evaluation (M&E) activities.
- Submit to the WB bi-annual reports to include information on: the project's key performance indicators (KPIs) and other indicators defined with the WB; Financial Management statements; procurement statements and detailed financial statements.
- Readily provide all information necessary to the WB and the project Steering Committee regarding project progress.
- Send bi-annual project execution reports to APASCI, in the format and detail required, and provide all additional information requested by this agency for its consideration on project activities.

FUNBAP's Director will be responsible for project execution and for the consolidation of FUNBAP as an institution in accordance with its by-laws, OM and instructions from FUNBAP's Board and the project Steering Committee. These efforts entail designing and executing a fundraising and capitalization strategy and ensuring that FUNBAP executes all aspects of the GEF project. The Director's specific functions are included in FUNBAP's Bylaws and are included in the project Operational manual.

Detailed functions and responsibilities of FUNBAP's board of directors and each of its dependencies (Technical Unit, Administrative and Financial Management Unit, Legal Unit and Investments Unit) are included in the project OM.

The Project Steering Committee, to be formed by FUNBAP's Executive Director, one member of the board of directors, UAESPNN's Director and one representative from the Ministry of the Environment. FUNBAP's Technical Unit Coordinator will act as Technical Secretary. The committee will meet every quarter and on an extraordinary basis if required. The committee has the following functions and responsibilities:

- Approve the project OM.
- Possess a thorough knowledge of project execution and analyze the project's execution in its financial and technical aspects.
- Review and approve project Work Plans and send a consolidated project POA to FUNBAP for its submission to the WB.
- Approve minor changes in Work Plans that do not affect the project's overall objectives or component execution, submitting such changes to the WB for its no objection.
- Approve criteria and mechanisms for the signature of subsidiary agreements.
- Oversee the project's compliance with legal and contractual obligations, as well as project execution procedures and guidelines dictated by the WB and other donors.
- Overview the elaboration of bi-annual reports to the WB, and include an opinion on project execution, lessons learned and aspects for improvement.
- Support the adequacy, quality and timeliness of all information provided to the WB and other donors.
- Facilitate the provision of information and access to key personnel during WB supervision missions, and participate in such missions if so considered.

The FUNBAP Technical Unit Coordinator has the following functions and responsibilities:

- Coordinate the effective implementation of all project activities approved by the Steering Committee.
- Support the Executive Director and Steering Committee in the provision of adequate and timely information/presentations regarding project execution, and in the signature and negotiation of counterpart donations.
- Represent the project in diverse dissemination and consultation activities, and report such involvement to the Executive Director.
- Supervise the team of professionals in the Technical Unit and the consultants hired to execute project activities.
- Elaborate all reports required by donors, the board of directors and the Steering Committee regarding activity execution, tracking of indicators and technical opinions.
- Act as Technical Secretary to the Steering Committee.
- Elaborate consolidated project Work Plans and submit to the Steering Committee for its review and approval.
- Provide technical inputs to the Administrative and Financial Management Unit to elaborate

TORs for contracts and goods and services acquisitions required in support of project activities.
- Seek good relations and strong coordination with FUNBAP's various units, the National Parks Unit and other relevant entities and organizations.
- Undertake the project's Monitoring and Evaluation activities (M&E).
- Implement project communications and dissemination activities.

The National Parks Unit (UAESPNN) has the following functions and responsibilities:
- Participate through its Director as FUNBAP's Board Director.
- Participate in the project Steering Committee through the Director or representative and the Technical Sub-Director.
- Supervise the execution of activities financed by FUNBAP in the project's 9 selected national parks.
- Elaborate national park Work Plans and submit selected items to FUNBAP for consolidation and clearance.
- Support FUNBAP's Technical Unit in developing the project baseline, delimiting the project conservation mosaics and establishing local execution committees and subsidiary agreements.
- Participate in local execution committees established in conservation mosaics through the respective national park Director or representative.
- Plan and coordinate activities in support of the subcomponent related to NPAS coordination.
- Undertake project monitoring activities in the 9 national parks (including the GEF SP1 monitoring tool), to support FUNBAP's M&E activities.

The table below summarizes the distribution of execution and administration responsibilities between the different institutions for each project Component.

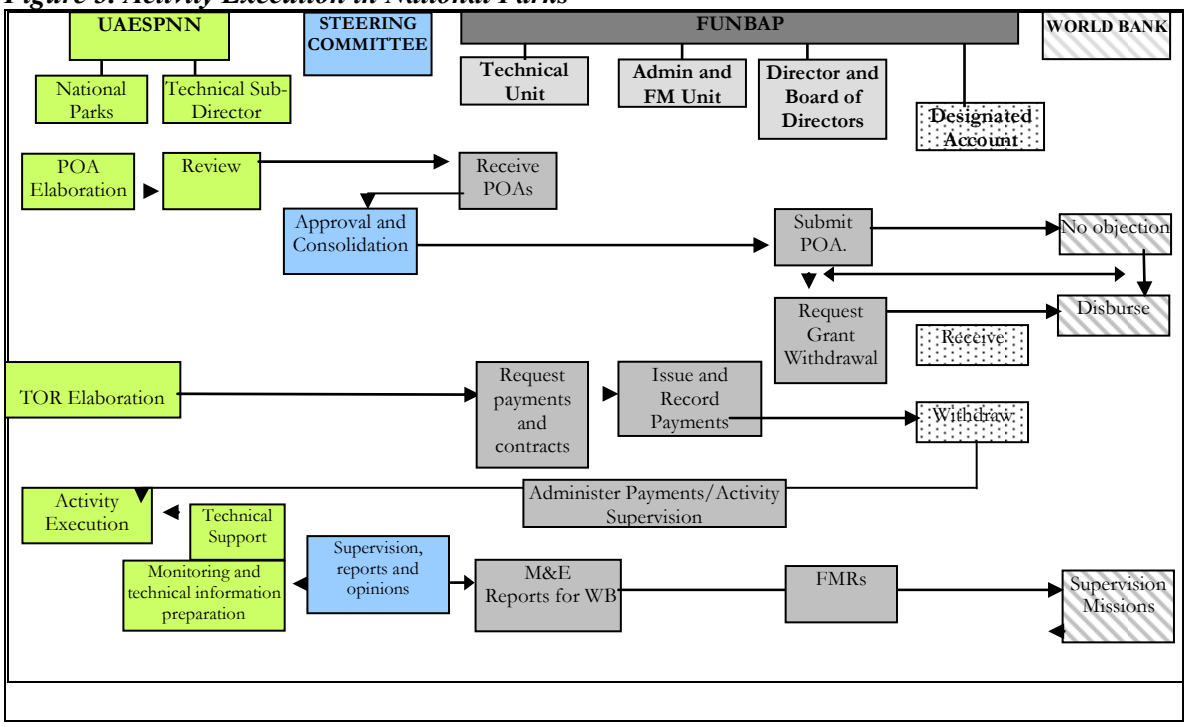
Figure 2. Execution and Supervision Responsibilities

Components	*Executors*	*Supervisor*
C1: Capitalization and Consolidation of CTF	FUNBAP	FUNBAP
C2: Conservation Mosaics Program	UAESPNN and conservation mosaic stakeholders responsible for resource execution (through subsidiary agreements), to include: CAR, territorial entities, ethnic authorities and other organizations.	FUNBAP
C3: Project Management and Institutional Coordination	FUNBAP (project management and dissemination), UAESPNN (NPAS institutional coordination)	FUNBAP

Project Execution in National Parks

65% of Component 2 resources will finance key management issues selected for 9 national parks. The execution of these activities will be undertaken in the following manner:

Figure 3. Activity Execution in National Parks



Project POA elaboration will be undertaken by the 9 national parks, in accordance with the key management issues selected in their respective Management Plans. Work Plans will then be sent to the National Park Unit's Technical and Administrative Sub-Directors for review and submission to FUNBAP. Once FUNBAP's Technical Unit Coordinator reviews them and consolidates them into a single project POA, the Steering Committee provides approval and sends the POA to FUNBAP's board of directors. The Board reviews and submits the project POA to the WB for its clearance.

Activity Execution. Once the WB disburses the grant proceeds in FUNBAP's sinking fund, each national park must elaborate TORs for the hire of consultants and suppliers and submit these to FUNBAP's Technical and Administrative and Financial Management Units, who are responsible for the approval and monitoring of such disbursements. Activities will be coordinated by the National Parks Unit and supervised by FUNBAP's Technical Coordinator. However, activity execution will receive support and guidance from the National Parks Unit's Technical Sub-Director. For this reason, 2 technicians will be financed with grant proceeds to work inside the National Parks Unit, contribute to the Unit's strengthening and ensure smooth activity coordination between UAESPNN and FUNBAP.

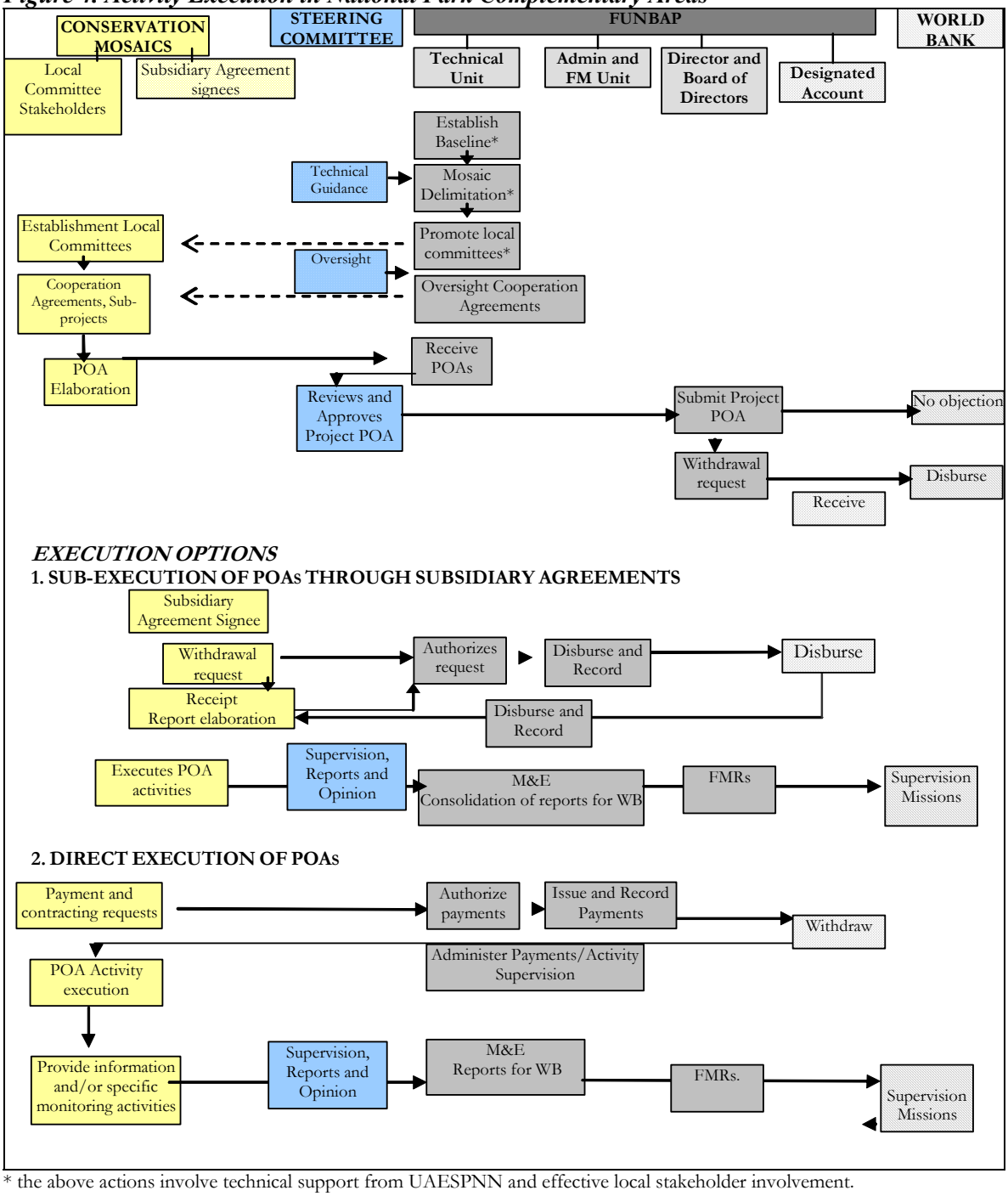
Activities financed by FUNBAP will strengthen the UAESPNN's institutional presence in national parks, since all activities will arise from the approved Work Plans in each national park and will be supervised by the Director of each national park. To be financed, such activities must be approved by FUNBAP's Board but also receive clearance from the UAESPNN's Director. This procedure guarantees that FUNBAP will not substitute UAESPNN in national parks, but will strengthen its presence and its effective management.

Project Execution in Complementary Areas (including Sub-projects)

35% of project resources allocated under Component 2 will be invested in complementary PAs, landscapes and sustainable use strategies. Conservation mosaics will be delimited and their

activities defined during the project's first two years of execution. Such areas will most likely be populated and will therefore demand a participatory process whereby sustainable use strategies and conservation schemes, including income-generating sub-projects, are convened with and arise from local communities. For these reasons, project execution in conservation mosaics demands a slightly more complex implementation process, as described below:

Figure 4. Activity Execution in National Park Complementary Areas



* the above actions involve technical support from UAESPNN and effective local stakeholder involvement.

Local Execution Committees. During the first two years of project execution, FUNBAP in coordination with UAESPNN will undertake participatory processes for stakeholder identification,

baseline assessments and delimitation of conservation mosaics. FUNBAP and UAESPNN will support the signature of voluntary cooperation agreements in each conservation mosaic and the establishment of local execution committees. These voluntary agreements will serve the following functions: i) formalize the will of various stakeholders to work in a conservation mosaic and establish local execution committees, ii) define conservation and sustainable use goals and strategies, iii) define joint-working schemes and coordination mechanisms, iii) seek linkages between Mosaic Work Plans and local agendas, including those of regional autonomous corporations and other public entities, and iv) define execution responsibilities and procedures, including the elaboration of annual operational plans (Work Plans). Each committee will include one member from the respective national park and should potentially include representatives from local NGOs, grassroots organizations, ethnic groups and local agricultural producers.

Sub-project elaboration. Local execution committees will be responsible for designing an overall strategic plan within each conservation mosaic and annual Work Plans, both of which will be approved by FUNBAP and reviewed by the project Steering committee. The first POA should be elaborated towards the end of Year 2. Activity execution will be undertaken beginning in the project's third year.

2 Execution Options. As shown in the figure above, POA activity execution may either be undertaken by FUNBAP directly and with the support of local execution committees, or through the signature of subsidiary agreements for the execution of sub-projects with one or more qualified organizations in each local execution committee in order to sub-execute project activities in conservation mosaics. Further detail regarding implementation in conservation mosaic is detailed in the project's Operational Manual (in project file).

Supervision. FUNBAP'S Technical Unit Coordinator is responsible for the overall coordination and supervision, and for the monitoring and evaluation of sub-projects in conservation mosaics. For this reason, the Coordinator has been assigned a budget from Component 2 to hire consultants to support the implementation of activities in the 9 conservation mosaics financed by the GEF grant.

Co-Financing

1. *Project Co-financing.* The principal co-financing source for the project is a debt-for-nature swap, signed with the US Government last year under the Tropical Forest Conservation Act (TFCA) and a complementary donation made by three international NGOs (WWF, TNC and CI), obtained as counterpart funding. The TFCA debt-for-nature swap was signed in the amount of US$5 million in endowment capital US$4.5 million sinking fund capital. Because of the timing and duration of negotiations, the TFCA agreement was signed before the Fund was constituted; therefore, resources are being managed by the environmental and Childhood Action Fund (see Annex 18). However, both resources are complementary, as stated in a communication by the GoC (in project file). The TFCA Oversight Committee is conformed by the US Government, the GoC, WWF, CI, and TNC.

   During the first year of project execution, the GoC, FUNBAP and ECAF will review the feasibility of transferring TFCA resources to FUNBAP. A *coordination agreement* will be signed between the TFCA Oversight Committee and the FUNBAP in order to guarantee management and investment coordination.

   A bi-lateral donation from the Government of the Netherlands has been secured in the sum of US$260,000 for FUNBAP's consolidation and management during its first year of operation. This donation represents 49% of the GEF's financing for this activity

(US$616,745) and will support the following objectives: (i) supporting the fund's procedures and administrative processes; (ii) defining strategic action plans for the fund; (iii) improving the monitoring and evaluation system; and (iv) strengthening the National Parks Service institutional capacity.

2. *Local Co-Financing.* CARs are expected to contribute significant resources to conservation mosaics, especially in selected regional reserves (see Annex 1 for a description of the CARs). Since CARs are legally impeded from allocating resources to a conservation trust fund such as FUNBAP, their counterpart commitments would be in the form of direct cash and "in kind" contributions to the project's conservation mosaics. Such contributions would be considered counterpart contributions for the project.

3. *Parallel Financing.* Prior to GEF disbursement, the GoC will conclude negotiations with the Government of the Netherlands regarding two potential projects, which would serve as counterpart financing to the project. The first project would finance institutional strengthening activities in the National Protected Areas System and investments in selected key management issues of 20 national parks, which would coincide with the core areas of the project's selected conservation mosaics. The second project is titled "Participatory environmental and territorial Ordering Strategy in the Amazon-Orinoquia Protected Areas", to support PA management plan implementation. Funds will not be pooled, but operations in project areas will, by common agreement, be closely coordinated in day to day activities, planning, technical emphasis and project implementation arrangements.

4. *Other Local Commitments.* In the seventh CBD-COP 7 in Kuala Lumpur Colombia ratified the Protected Areas Work Program which main objective is the establishment of national and regional protected areas systems that are efficiently managed and ecologically representative. In the framework of the Work Program, specific issues of cooperation signed in an MOU between UAESPNN, ASOCARS, CI, TNC, WWF, INVEMAR, IAVH and the private natural reserve association, include: (i) increasing ecosystem representation in the NPAS; (ii) completing a NPAS financial sustainability strategy; (iii) improving PA planning and management capabilities; and (iv) establishing a PA monitoring system. These themes are related to the project's overall objective. This MOU constitutes another potential source of co-financing.

The following table summarizes the potential co-financiers, amount and level of commitment.

Institution	**Source of Counterpart Funds/ nature**	**Level of Commitment**	**Amount (US$)**
Government of Colombia (GoC)	TFCA debt-for-nature swap resources /cash	Certification letter	9.5 million
National Parks Unit (UAESPNN)	Budget Contributions to national park recurrent costs/ cash and in-kind	Certification letter	7.5 million
Regional Autonomous Corporations (CARs)	Budget Contributions/ cash and in-kind	Certification letters for approx.US$1 million	4.5 million
The Government of the Netherlands	Donations for (i) four projects with National Parks Unit in project areas and (ii) consolidation of FUNBAP/ cash	(i) Projects underway/ (ii) Certification letter received for FUNBAP	2.4 million

Institution	**Source of Counterpart Funds/ nature**	**Level of Commitment**	**Amount (US$)**
US-AID	Support for the effective institutional presence of the National Parks Unit / cash	Certification letter	1.0 million
Spain's international cooperation agency (AECI)	Support to Management Systems in national parks/ cash	Official letter expected by disbursement	0.2 million
WWF	Design of private sector participation strategy for FUNBAP	Certification letter	US$15,000
Pending Commitments		To be obtained during project execution	2.3 million
	Total		**27.4** million

Annex 7: Financial Management and Disbursement Arrangements

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Organizational Arrangements

The GEF Grant Recipient will be the Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas (FUNBAP). FUNBAP will undertake overall project coordination and administration, while its Administrative and Financial Management Unit will be in charge of financial management and procurement. Primary financial management responsibilities shall include: (i) budget formulation and monitoring; (ii) cash flow management (including processing grant replenishment requests); (iii) maintenance of accounting records, (iv) preparation of interim and year-end financial reports, (v) administration of underlying information systems, and (vi) arranging for execution of external audits.

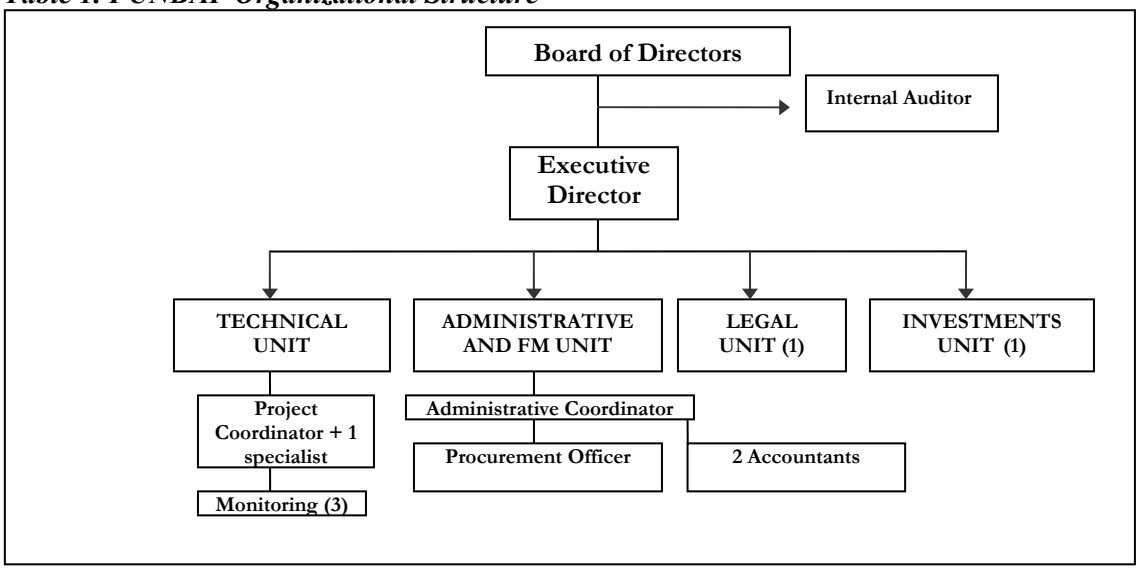
FUNBAP possesses a functional board of directors composed of 8 members, with 5 private-sector representatives and 3 public-sector members. Government representatives include the UAESPNN Director, to assume the board's directorship, a representative from the regional autonomous corporations (CARs), and one from the research institutes associated to Ministry of the Environment. Private-sector members will include two representatives of the private founders and three renowned individuals, selected based on their previous personal and professional experience (see Annex 18). FUNBAP's key personnel (Executive Director and all unit coordinators, that is Technical, Administrative, Legal and Investment Coordinators are going to be hired during February- March 2006.

FUNBAP was legally constituted in January 2006. Administrative and financial management staff will be hired through a competitive process and assessed by a WB Financial Management Specialist in March 2006. Since FUNBAP has no prior project execution track record, the risks associated to the project's financial management processes are considered high. In order to mitigate such risks, World Bank and country-specific best practices and procedures are being incorporated to meet fiduciary requirements and to adequately manage FUNBAP's financial and accounting activities. Additionally, specialists from the Colombia GEF-Andes project are playing key advisory roles in the preparation of the project's operational manual (OM) and specific FM procedures. A Bank Financial Management specialist has reviewed the project's draft version of the OM dated January 3, 2006, including detailed responsibilities and procedures, and found it to be satisfactory. During March 2006, a Bank FM Assessment will be undertaken once FUNBAP is fully staffed and in operation. The Bank's approval of the project's OM, including key personnel TORs, was completed during negotiations.

In addition, the risk is mitigated with the participation of CORPACOT (Corporation for Environmental, Cultural Protection and Territorial Ordering), which is a specialized fund that has supported projects related to national parks and their zones of influence (see Annex 18 for a description). As recipient of the project's PDF-B resources, CORPACOT has supported the Fund's design process, transferring valuable know-how regarding administrative and financial procedures to FUNBAP. CORPACOT will be dissolved once FUNBAP is under adequate operation, but will provide ongoing support during FUNBAP's implementation of information systems and administrative and financial procedures, counteracting FUNBAP's lack of experience. The WB performed institutional and financial assessments prior to PDF-B execution and found CORPACOT's administrative and financial structure to be satisfactory.

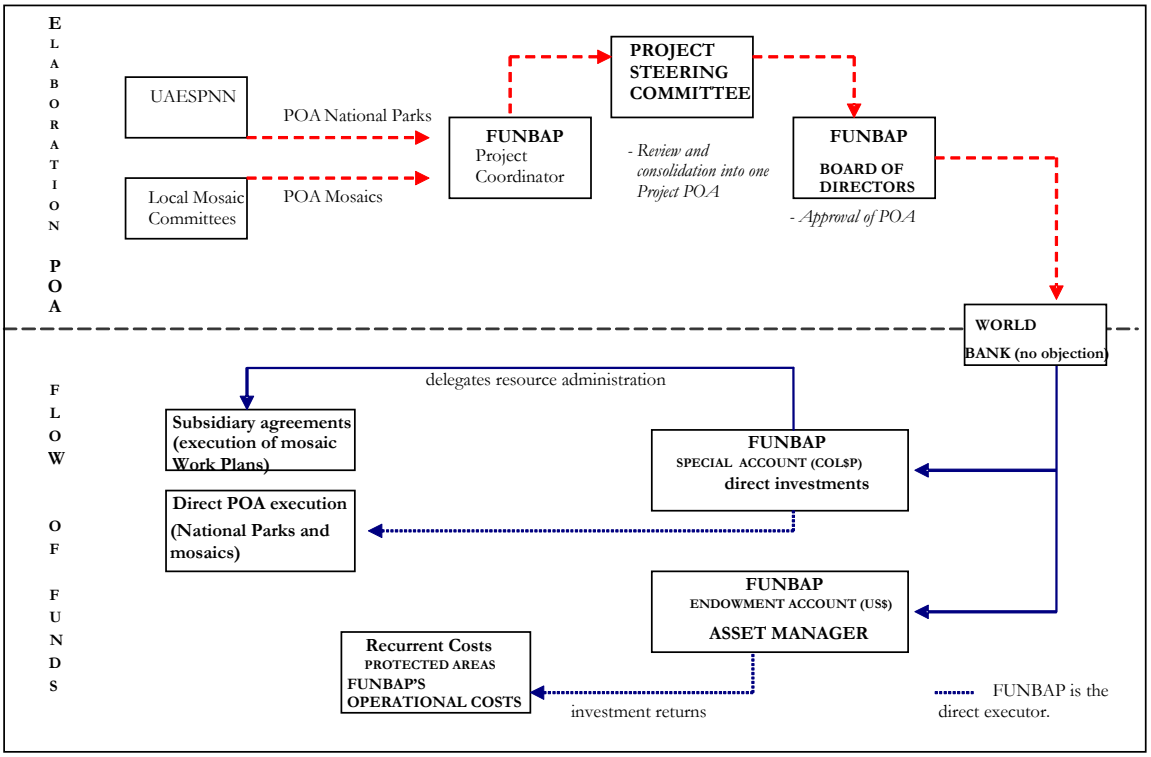
FUNBAP was established to possess an adequate organizational structure for project execution and Financial Management. Its Administrative and Financial Management Unit (see Table 1 below) will be comprised of an Administrative and Financial Management Coordinator, two accountants and a procurement officer, whose TORs and minimum recruitment requirements will be included in the project's OM. Staff will be sufficiently trained and well-qualified to undertake key procedures related to: maintaining accounting records, processing disbursements, preparing financial statements in accordance with Bank guidelines, managing bank accounts, managing financial information systems, preparing and submitting bi-annual Financial Monitoring Reports and preparing and submitting withdrawal applications. The Administrative and Financial Management Unit will also coordinate project execution with the Fund's technical, legal and investment units. Additionally, the project will finance annual training programs in order to strengthen FUNBAP staff and ensure smooth project execution.

Table 1. FUNBAP Organizational Structure



Annual Budgets, Flow of Funds and Disbursement Procedures. FUNBAP will receive GEF and counterpart resources; disbursements will be based on annual budgets (Work Plans) previously approved by FUNBAP's management board and cleared by the WB. As detailed in table 1 of Annex 4, The WB will disburse a) US$7.5 million (Component 1, Subcomponent b, capitalization and consolidation of FUNDAP), as detailed in the endowment fund paragraph; and b) US$7.5 million (Components 2 and 3 and Subcomponent 1a), to a Special Account, as detailed in the Sinking fund paragraph. for FUNBAP to administer during the execution of project activities. From the latter account, FUNBAP may disburse resources to consultants, suppliers and contractors directly or to organizations upon the signature of subsidiary agreements for the execution of sub-projects. Specific procedures are outlined in the project OM.

Table 2. Flow of Project Funds



Endowment fund. FUNBAP will sign a contractual agreement with a recognized asset manager(s) (selection criteria and guidelines may be found in Annex 18), with whom FUNBAP will open an endowment account in US dollars. GEF and matching funds will be invested by an asset manager selected by FUNBAP in diversified, low-risk portfolios, agreed with the Bank and under investment guidelines and spending rules approved by the Bank and detailed in the project's OM. Investment yields will finance Protected Area (PA) recurring operational expenses. Before disbursements can occur, two conditions must be met: the asset manager's agreement must be signed, and the WB must verify the proof of matching funds. FUNBAP will submit withdrawal applications to the Bank, with attached proof showing the amount of the matching contribution made to the endowment fund. The Bank provides the "no objection" decision after verifying that the matching requirements have been fulfilled. Thereafter, the Bank authorizes the disbursement to the asset manager's account. The GEF funds will be disbursed on a one to one basis (US $1 from GEF funds against US$ 1 from other donors' funds). Proof of matching should be donors' deposits shown in Bank account statements. FUNBAP must have proof of a minimum of US$250,000 dollars in matching endowment funds to submit a withdrawal application.

Sinking fund. FUNBAP will open a Special Account in Colombian pesos or in US Dollars according to project convenience, determined by FUNBAP (in both cases, the recipient is fully cognizant of the exchange risk), in a recognized commercial bank for the exclusive management of the GEF grant resources. Grant proceeds will be withdrawn by FUNBAP using the advance method with supporting documentation based on statements of expenditures (SOEs). As will be established in the Grant Agreement, FUNBAP will sustain satisfactory Financial Management arrangements. The use of reimbursements and direct payments may be needed for specific activities, but will follow detailed control mechanisms and procedures detailed in the project's OM. The WB will disburse funds to the Special Account upon qualified certification or letter of intent of cash or in-kind counterpart donations, disbursing one dollar for every 3 dollars in counterpart resources. The

Special Account will have a maximum authorized allocation of US$1.5 million based on estimated disbursements for the following twelve-month period. Disbursement requests will ideally be prepared by the Administrative and Financial Management Unit once each semester. Detailed disbursement procedures and internal control mechanisms are outlined in the project's OM.

Subsidiary Agreements for the Execution of Sub-Projects. In selected cases, FUNBAP may sign subsidiary agreements with entities or organizations to execute specific project activities previously approved in the respective Work Plans. In such cases, FUNBAP will disburse funds to such agencies in accordance with approved activities and Work Plans, and following the model agreement and procedures included in the project's OM. Subsidiary agreements may be signed, in aggregate, for an amount not exceeding US$1.8 Million. Eligible expenditures will be requested to the Bank upon the final payment to the supplier or contractor. Additionally, FUNBAP must guarantee that the selected entities or organizations have minimum Financial Management arrangements to ensure that funds are used as intended. Such agreements must be cleared by WB and, if considered necessary, a formal Financial Management Assessment will be carried out to requesting entities.

Accounting and Financial Reporting

Accounting Procedures. The Financial Management regulatory framework consists of the country's accounting norms, related regulations, and FUNBAP's internal Financial Management procedures. Project-specific Financial Management arrangements for grant funds management are documented in a dedicated section of the project's OM. Among others, specific reference is made to: (i) the project's contractual and payment terms; (ii) internal controls related to the endowment and special account; (iii) formats of financial monitoring reports; and (iv) accounting and reporting systems procedures. FUNBAP will be responsible for implementing adequate internal control mechanisms in all of its units. Detailed internal control mechanisms are included in the project OM.

Reporting and Information System. In March a financial management and information system (MIS) will be cleared by the WB and implemented in FUNBAP to keep budget, treasury and accounting information and generate financial statements and reports. The System will be selected with the approval of the Executive Director following a competitive process and based upon technical recommendations provided by UAESPNN's Technological Division. Administrative and Financial Management Unit staff should have prior experience in operating the selected MIS or a similar system and will receive additional training during its implementation.

FUNBAP will prepare and submit to the WB a bi-annual, unaudited financial monitoring reports containing: (i) a statement of sources and uses of funds and cash balances (with expenditures classified by subcomponent); (ii) a statement of budget execution per subcomponent (with expenditures classified by the major budgetary accounts); and (iii) Special Account and Endowment Account activity statements. The financial monitoring reports will be submitted no later than 45 days after the end of each semester.

On an annual basis, FUNBAP will prepare project financial statements including cumulative figures of the financial statements cited in the previous paragraph. The financial statements will also include explanatory notes in accordance with Accounting International Standard and FUNBAP's assertion that grant funds were used in accordance with the intended purposes as specified in the financing agreements. These financial statements, once audited, will be submitted to the WB no later than four months after the end of the closing period (December 31). The supporting documentation of the interim and annual financial statements will be maintained in FUNBAP's premises and made easily accessible to WB supervision missions and to external auditors.

Auditing Arrangements

Internal Audit. In the course of its regular internal audit activities, FUNBAP's Internal Auditor will perform periodic audits of project activities in its annual work plan. FUNBAP will provide the Bank upon request with copies of internal audit reports covering project activities and financial transactions.

External Audit. FUNBAP will be audited following International Standards on Auditing (ISA), by an independent firm and in accordance with the Terms of Reference (TORs) included in the project OM, acceptable to the WB. The auditor will be expected to express an integrated opinion on FUNBAP's financial statements, the sinking fund, the use of SOEs as a basis of disbursement and the endowment fund's financial annual activity. The auditor's opinion should confirm the eligibility of project expenditures. Audit reports must be submitted to the Bank no later than April 30th following each calendar year. Finally, the report will include an internal control management letter with the action plan proposed by FUNBAP to implement the auditor's recommendations. The audit work described above will be financed with Grant proceeds and the auditors will be selected under WB procedures. FUNBAP will arrange for the first external audit within three months after grant effectiveness.

Financial Management Action Plan

Action	Responsible Party	Completion Date
Complete and issue no objection on project OM including key personnel TORs.	FUNBAP/WB	Before negotiations
Implement an adequate MIS	FUNBAP	March 06
Hire Executive Director, Coordinators for each Unit, Procurement Officer and 1 Accountant	FUNBAP	February 06
Enter into a contract with the asset manager(s)	FUNBAP	July 30, 2006
TORs for audit services agreed with the Bank	FUNBAP	March 06
Formal Financial Management Assessment of FUNBAP	WB Financial Management Specialist	March 06
Hire external auditor	FUNBAP	3 months after effectiveness

Financial Management Supervision Plan

A Bank Financial Management Specialist will perform the Financial Management Assessment to FUNBAP in March 2006. Additionally, the Financial Management Specialist must review the annual audit reports, the Financial Monitoring Reports and perform at least one supervision mission per year.

Guidelines

The financial management and disbursement provisions of the Grant Agreement, the Fund and project OMs and the arrangements described above are to be complemented by the following Bank documents:

- Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities
- Disbursements Guidelines

Annex 8: Procurement Arrangements

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

A. General

Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan/Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works: Works procured under this project would include small construction, remodeling and improvement of visitor centers; office and administrative buildings; trails, watch posts and other works related to control, observation, research, small-scale and environmentally-friendly infrastructure and ecotourism. The procurement will be done using the Bank's Standard Bidding Documents (SBD) for all ICB and National and SBD agreed with or satisfactory to the Bank. A model of Invitation to Quote for small works to be used under shopping procedures will be agreed with the Bank.

Procurement of Goods: Goods procured under this project would include computers, printers and their peripherals; field transportation vehicles and engines; agricultural machinery and tools; office equipment and furniture; software and satellite imagery; software, licenses and patents, publications, specialized technical and field equipment and uniforms. The procurement will be done using the Bank's SBD for all ICB and National SBD agreed with or satisfactory to the Bank. For smaller goods purchases, a model of Invitation to Quote under shopping procedures will be agreed with the Bank

Procurement of non-consulting services: These contracts will mostly include printing services; logistics, and dissemination of project results.

Selection of Consultants: Consulting services with firms will basically include studies; advisory and implementation services; financial, management, fiduciary, audit services; training and workshops, and monitoring and evaluation. Individual consultants will be hired to provide advisory services in different fields, including, *inter alia*, procurement, management, monitoring, planning, implementation services and others. Short lists of consultants for services estimated to cost less than $350,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Also, given the project's characteristics, it is envisioned the participation of eligible institutions, including: universities, research centers, NGOs and other community and grassroots organizations.

Most contracts for firms are expected to be procured using Quality and Cost Based Selection Method (QCBS). Consultant assignments of specific types as agreed previously with the Bank in the Procurement Plan may be procured with the use of the following selection methods: (i) Selection under a Fixed Budget –SFB--, for works supervision contracts; (ii) Selection Based on Consultants' Qualifications –CQS--, for contracts estimated to cost below US $200,000 equivalent);

and, exceptionally (v) Single Source Selection –SSS-, under the circumstances explained in paragraph 3.9 of the Consultants' Guidelines.

Individuals. Individual consultants will be hired to provide technical advisory and project support services and selected in accordance to Section V of the Guidelines.

Operating Costs: Operating Costs will basically include *FUNBAP* personnel costs, as agreed with the Bank; personnel expenses in project areas, as agreed with the Bank; travel related expenses for personnel commissioned under the project; expenses related to training and workshops; office consumables; office rent; communications and utilities; office equipment; fuel and vehicle operation and maintenance; purchase of scientific publications and materials; webpage design and maintenance; insurance and banking costs, Internet connectivity, and other office-related costs incurred should the project not exist. These costs will be financed under the Grant. The project Executing Agency will operate under procedures satisfactory to the Bank and as presented in the project Operational Manual.

Others: It is envisioned that subsidiary agreements will be signed with participating eligible entities approved by the Bank, but the control and supervision for procurement of all civil works, goods and services will rest with the project Executing Agency. Financing of scholarships may be possible. The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the project Operational Manual.

B. Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out by *FUNBAP*, which has been legally constituted. The agency will be staffed prior to disbursement by an Executive Director and key staff required to operate all functional units. The procurement function will be performed by a consultant with the necessary experience in Bank-funded procurement procedures. The selection of this consultant and his/her qualifications will require the Bank's no objection.

An assessment of the capacity of the Implementing Agency to implement procurement actions for the project has been carried out by José Martínez in January 2006.

The key issues and risks concerning procurement for implementation of the project have been identified and is basically FUNBAP's lack experience in the field of Bank-funded procurement. The corrective measure agreed is the hiring of a consultant on a full-time basis and during the life of the project with the required skills and experience in procurement of civil works, goods and services under Bank guidelines.

The overall project risk for procurement is HIGH until the procurement capacity is acquired via hiring the abovementioned consultant. Once the capacity has been acquired, the risk will shift to AVERAGE, with possibilities of revision during the MTR.

C. Procurement Plan

The Borrower, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the project team on [*date*] and is available at [*provide the office name and location*]. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended annual supervision missions to visit the field to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref. No.	**Contract (Description)**	**Estimated Cost**	**Procurement Method**	**P-Q**	**Domestic Preference (yes/no)**	**Review by Bank (Prior / Post)**	**Expected Bid-Opening Date**	**Comments**

(b) ICB contracts for goods estimated to cost US $250,000 equivalent per contract and above, and ICB contracts for civil works estimated to cost US $5,000,000 and above and all direct goods and works contracting will be subject to prior review by the Bank.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	**Description of Assignment**	**Estimated Cost**	**Selection Method**	**Review by Bank (Prior / Post)**	**Expected Proposals Submission Date**	**Comments**

(b) Consultancy services estimated to cost above US $200,000 equivalent per contract and up, and any single source selection of consultants (firms) will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US $350,000 equivalent per contract and up may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 9: Economic and Financial Analysis

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Project Description

The Project Development Objective is to support the development of the NPAS by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). The fund will be administered by a private-sector foundation established by the project, designed with a majority private-sector representation on its board and a mandate to execute public-sector conservation policies related to the NPAS[42]. FUNBAP will contain a mixed composition of endowment and sinking funds; while the endowment will support incremental, recurrent costs in the NPAS, FUNBAP will also execute direct investments in selected Protected Areas and complementary landscapes.

The project's direct investments in fourteen conservation mosaics will be based on national park Management Plans, which define "key management issues", or strategic lines of action, for each "core" area. Investments in national parks (65% of GEF sinking fund resources) will be targeted to those key management issues that promise the highest cost-effectiveness and impact on conservation. Investments in the surrounding areas (35% of GEF sinking fund resources) will be determined during the first two years of project execution. Endowment fund yields will allow FUNBAP to support recurrent costs of 1 conservation mosaic beginning in PY4 and 2 conservation mosaics in PY5. New areas may be added to the endowment based on the endowment fund's continued capitalization and leveraging.

UAESPNN has prepared detailed financial projections for FUNBAP with support from Bank specialists and pro-bono advice from Suvalor/Salomon Smith Barney. This financial model provides key inputs related to estimated fund administrative expenses, required capitalization, and different asset allocation and return scenarios. Summary results from these projections are presented below; the detailed tables are included in the project file. Additionally, cost-benefit and fiscal impact assessments, presented below, demonstrate the viability of the project.

Economic Analysis

The following cost-benefit analysis includes the project's 19 selected national parks given their relatively solid levels of information. Surrounding Mosaics will be delimited and baseline assessments performed during the first two years of project execution. The analysis assumes that effective conservation is achieved for these 19 national parks, securing local and global benefits.

Local Conservation Benefits:

1. **Water supply.** Currently, the National Natural Parks System (NNPS) supplies water directly to 31% of Colombia's population and indirectly to 50% of the population, which is equivalent to an annual demand for water of 1.3 billion cubic meters. In Colombia, around 40% of water demand is destined to agricultural irrigation covering 176,745 hectares. 8 of the 19 selected national parks provide abundant and highly demanded hydric resources, for human consumption (over 2 million people) as well as for electricity and irrigation.
2. **Ecotourism.** The NNPS harbors current lodging capacity for 1774 visitors and receives 415,822 people on average every year. 15 of the 19 project national parks receive 85% of the visitors in the entire NNPS.

[42] The proposed fund institutional structure, described in Annex 18, finds support in Colombian legislation.

Economic benefits in the 19 national parks associated to water supply regulation and quality were valued at US$131.7 million, while benefits from ecotourism were valued at US$4.2 million using a daily spending average in the NNPS of US$5 per person (see Table 1 below). Values for water quality and quantity were taken from data from 6 major watersheds[43], where avoided water treatment costs ranged from 0.37 USD/m^3 and 0.0012 USD/m^3.

Table 1. Local Conservation Benefits Valued for 19 National Parks

National Park	Ecotourism		Hydric resources		
	Average Visitors	Economic value	Annual water demand*	Water regulation	Lower sedimentation rates
	(per year)	Col P$/year	Million m3	(Col P$/year)	(Col P$/year)
GEF-supported National Parks					
Farallones	4425	52,686,431	168	147,366,629,779	466,660,994
Utría	3086	112,068,031			
Old Providence	13159	156,667,085			
Sanquianga	403	4,802,583			
Galeras	2309	27,485,851	27	23,567,356,551	74,629,962
Orquídeas	0		16	14,013,719,114	44,376,777
Cahuinarí	0				
Puinawai	0				
Corales	242,093	2,882,360,581			
TFCA-Supported National Parks					
Tuparro	251	6,385,953			
Guanentá - Alto Río Fonce	176	69,131,339	13	10,979,983,773	34,769,949
Flamencos	5806	151,802			
Ciénaga Grande de Santa Marta	13	6,909,449			
Sumapaz	580	408,746,540	23	19,716,650,830	62,436,061
Salamanca	11256	6,645,334			
Sierra Nevada de Santa Marta	183	2,872,553,344	80	70,366,536,072	222,827,364
Tayrona	68934	120,383			
Tinigua	10		16	14,099,596,082	44,648,721
Yarigüíes	0	3,379,769,156	10	8,368,622,908	26,500,639
TOTAL	**352,685**	**9,986,483,861**	**352**	**308,479,095,109**	**976,850,468**
TOTAL USD		**4,249,568**		**131,267,700**	**415,681**

Global Conservation Benefits. Global benefits associated to Protected Areas are *in situ* **conservation of biodiversity** and **carbon sequestration**. 6 of the 19 project PAs are found in zones with the highest levels of biodiversity in the world, including the Amazon Basin and the Biogeographic Chocó region. The analysis for **carbon sequestration** includes PAs and their associated biomass in metric tons per hectare. This calculation is based on the difference between existing stocks of biomass and the marginal reduction in biomass resulting from deforestation to

[43] Instituto de Estudios Rurales Universidad Javeriana *et al.*, (1999).

install an agro-ecosystem, for slash-and-burn activities and for timber extraction[44]. The price assumed for each ton of CO_2 produced as a result of these activities is US$ 3[45].

The **biodiversity** analysis assumes bio-prospecting values assigned by the pharmaceutical industry[46] for the 6 national parks located in biodiversity *hot spots*: Chocó and the Amazon Basin.

Total benefits are valued at US$1.82 billion for carbon sequestration and US$1.08 billion for biodiversity. These values constitute an inferior limit, since some ecosystems registering carbon sequestration were not counted additionally for biodiversity.

Table 2. Global Conservation Benefits Valued for 19 National Parks

National Park	Carbon Sequestration	Biodiversity
	Col P$	Col P$
GEF-Supported National Parks		
Farallones	128,502,814,084	49,027,686,514
Utría	107,781,982,621	16,954,824,715
Old Providence	145,718,001	
Sanquianga	291,436,002,000	
Galeras	10,659,966,429	
Orquídeas	94,818,739,031	
Cahuinarí	854,563,325,874	94,228,630,058
Puinawai	930,518,332,978	1,781,987,969,627
Corales	-	
TFCA-Supported National Parks		
Tuparro	19,537,423,437	-
Guanentá - Alto Río Fonce	3,738,088,010	-
Flamencos	54,644,250,375	-
Ciénaga Grande de Santa Marta	169,129,494,191	-
Sumapaz	44,176,051,331	-
Salamanca	305,170,628,021	-
Sierra Nevada de Santa Marta	2,510,621,454	-
Tayrona	291,632,045,809	298,934,451,200
Tinigua	-	-
Yarigüíes	978,389,877,848	298,934,451,200
TOTAL	**4,287,355,361,494**	**2,540,068,013,314**
TOTAL USD	**1,824,406,537**	**1,080,880,006**

Cost-Benefit Analysis. The current analysis focuses on direct investments from the project's sinking fund to project national parks.

Without the project, it was estimated that current rates of natural ecosystem cover degradation will continue due to limited effective PA management. Based on each National Park's most representative type of vegetation cover, and according to the department where each national park is based, an average degradation rate was calculated of 0.6% per year[47].

[44] IDEAM, MAVDT and PNUD, (2001).
[45] This is the baseline value for *CER*, según PCF and IETA (2005).
[46] Simpson and Craft, (1996).
[47] IDEAM SIAC

With the project it was estimated that rates of degradation would be reduced from 0.6% annually to between 0.2% and 0.3[48]. The following table calculates the biomass levels found in each representative ecosystem within the 19 national parks.

Table 3. Biomass per Representative Ecosystem[49]

Ecosystem Type	Biomass
	ton ms/ha
Páramo	10.0
High Andean Forest	222.7
Lower Montane Forest	234.7
Tropical Rain Forest	260.2
Caatingas	98.5
Bosques de galería	64.6
Mangrove	400.0
Tropical Savannah	6.6
Dry Tropical Forest	72.0

The table below summarizes NPVs of between US$7.8 million and US$14.4 million, and IRRs of between 63.2% and 103.6% expected under the two scenarios listed below, demonstrating that the project is highly attractive for the generation of global carbon sequestration benefits.

Table 4. Net Present Value and IRR of Project

Change in Vegetation Cover	NPV (US$)	IRR (%)
0,6% to 0,3%	7,860,115	63.2
0,6% to 0,2%	14,436,692	103.6

Sensitivity Analysis. The following variables were modified to understand their potential impact on the valuation model: operational costs were increased by 20%, benefits were reduced by 20%, and both of the mentioned variables were applied in combination. The following tables show the effect of the variables' application, under the scenarios that deforestation rates are reduced to 0.3% and to 0.2% annually. The following exercise in the worst possible scenario still yields and economically viable IRR of 20.8% and an NPV of US$1.5 million.

Table 5. Sensitivity Analysis for Higher Degradation Levels (0.3%)

Scenarios	NPV (US$)	IRR (%)
Base	7,860,115	63.2
20% increase in costs	5,486,191	42.4
20% decrease in benefits	3,914,168	38.1
Combination of 20% cost increase and 20% benefit decrease	1,540,245	20.8

Table 6. Sensitivity Analysis of Lower Degradation Levels (0.2%)

[48] Giraldo, (2003). It was assumed that Project costs reflect shadow prices at market levels. Costs are included for direct investments and administrative expenses associated with Project activities. Additional assumptions are that the Project generates benefits from the second year to a sixth year (one year after Project completion) and that the discount rate applied is 12%.

[49] Sources: Villa *et al*, (1999), Monterrey Forestal (2000), IDEAM, (2001), HACIA (2000), Saldarriaga (1994), ACOFORE (s.f.), PAD El Salvador.

Scenarios	NPV (US$)	IRR (%)
Base	14,436,692	103.6
20% increase in costs	12,062,769	76.8
20% decrease in benefits	9,175,430	71.4
Combination of 20% cost increase and 20% benefit decrease	6,801,507	49.4

Financial Analysis

Financial Projections for Component 1: Endowment

Financing incremental recurrent costs for all 51 national parks[50] requires a fund capitalization in the order of US$50.5 million. Since this represents considerably more than the capital currently available for FUNBAP, a fundraising strategy will be implemented to further capitalize the endowment fund, leveraging national and international resources, seeking new debt swap agreements and managing financial portfolios using a diversified, low-risk strategy. Additionally, FUNBAP will seek other local financing sources from payments for environmental services (PES), tax exemptions and bio-commerce.

The following exercise of estimating baseline and optimistic return scenarios demonstrate the potential impact on the NPAS of having strong staff, an effective fundraising strategy and quality fund management at FUNBAP. Indeed, potential returns are likely to be enhanced with local financing sources and international donations as has been the case with similar funds throughout Latin America.

Baseline Scenario. Under a baseline scenario, 6 conservation mosaic's incremental recurrent costs could potentially be financed. This estimate is based on the following assumptions: endowment capitalization in the amount of US$17.5 million dollars, which will generate income to cover the endowment's operating costs and the recurrent costs of conservation mosaics; a 5.5% return per year[51] assumed through 75% of the endowment invested in fixed income securities and 25% in equities[52], and 20% of outstanding debt swaps negotiated for their inclusion in FUNBAP beginning in 2008.

Based on the GEF-supported 9 national park average, annual incremental running costs of US$55,643, and assuming an additional 35% of resources required for the surrounding Mosaic, US$85,605 would be required, on average, for each conservation mosaic to be financed from the GEF's US$7.5M contribution. However, since actual costs vary widely among national parks and Mosaic needs will be estimated during the first three years of the project, the project is estimating to finance one conservation mosaic to perpetuity starting in PY4 and 2 conservation mosaics beginning in PY5.

[50] Recurrent cost projections are based on average costs projected for the 9 National Parks to be financed by the GEF.
[51] Assumption provided by Suvalor/Salomon Smith Barney
[52] The asset composition and portfolio will be decided by FUNBAP's Board, from advice received from the commissioned Asset Manager(s).

Table 7. Total Income Available to Finance Conservation Mosaic - Baseline Scenario

Baseline Scenario Assumptions	
% Debt swaps obtained	20%
Investment income yields	5.5%
Incremental recurrent CM costs	$ 82,505.00

Debt Swaps Negotiated (US$ million)	2007	2008	2009	2010	2011	TOTAL
GERMANY		898,773	0	0	0	898,773
NETHERLANDS		346,927	233,086	0	0	580,013
SPAIN		0	0	0	1,333,333	1,333,333
UNITED STATES		0	2,332,439	0	0	2,332,439
OTHERS						0
TOTAL	**0**	**1,245,700**	**2,565,524**	**0**	**1,333,333**	**5,144,557**

TOTAL INCOME AVAILABLE TO FUNBAP PROJECT BASELINE					
(US$ million)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
GEF	2,724,605	908,202	1,301,669	2,565,524	0
TFCA	2,724,605	908,202	908,202	454,101	0
OTHERS (Baseline)	0	0	1,245,700	2,565,524	1,333,333
TOTAL	5,449,211	1,816,404	3,455,571	5,585,149	1,333,333
GEF interest	124,036	175,483	241,040	375,623	418,386
TFCA interest	124,036	175,483	225,648	271,082	278,651
OTHERS interest (Baseline)	0	0	0	120,937	197,174
TOTAL INTEREST 5,5%	248,071	350,965	466,688	767,642	894,212
TFCA Project Areas	124,036	175,483	225,648	271,082	278,651
Total available	124,036	175,483	241,040	496,560	615,561
Fund Costs	204,660	206,299	206,031	205,854	205,227
Costs funded by GEF	204,660	206,299	103,016	51,464	51,307
Total available	124,036	175,483	138,024	342,170	461,640
GEF Project Areas potentially financed	-	-	2	4	6

Optimistic Scenario. On the other hand, if annual returns are estimated at 7% and US$13.8 million are obtained from debt swaps and donations, 13 conservation mosaics could be financed to perpetuity, as shown in the table below.

Table 8. Total Income Available to Finance Conservation Mosaic - Optimistic Scenario

Optimistic Scenario Assumptions	
% Debt swap obtained	40%
Investment income yields	7.0%
Incremental recurrent CM costs	$ 82,505.00

Debt Swaps Negotiated (US$ million)	2006	2007	2008	2009	2010	2011	TOTAL
GERMANY			1,797,545	0	0	0	1,797,545
NETHERLANDS			693,854	466,172	0	0	1,160,026
SPAIN			0	0	0	2,666,666	2,666,666
UNITED STATES			0	4,664,877	0	0	4,664,877
OTHERS	500,000	1,000,000	1,000,000	1,000,000	1,000,000	500,000	5,000,000
TOTAL	**500,000**	**1,000,000**	**3,491,400**	**6,131,049**	**1,000,000**	**3,166,666**	**13,789,115**

TOTAL INCOME AVAILABLE TO FUNBAP PROJECT OPTIMISTIC					
(US$ million)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
GEF	2,724,605	908,202	908,202	1,458,991	908,202
TFCA	2,724,605	908,202	908,202	454,101	908,202
OTHERS (Optimistic)	1,000,000	1,000,000	3,491,400	6,131,049	3,666,666
TOTAL	6,449,211	2,816,404	5,307,804	8,044,141	5,483,070
GEF interest	157,790	223,282	287,132	359,648	447,901
TFCA interest	157,790	223,282	287,132	345,000	354,683
OTHERS interest (Optimistic)	32,130	130,566	187,519	555,605	815,467
TOTAL INTEREST 7%	347,711	577,129	761,783	1,260,253	1,618,050
TFCA Project Areas	157,790	223,282	287,132	345,000	354,683
Total available	189,921	353,848	474,651	915,253	1,263,368
Fund Costs	204,660	206,299	206,031	205,854	205,227
Costs funded by GEF	204,660	206,299	103,016	51,464	51,307
Total available	189,921	353,848	371,635	760,863	1,109,447
GEF Project Areas potentially financed	-	-	5	9	13

Financial Projections for Components 2 and 3. The current proposal assumes that GEF capital contributions will occur from 2006 to 2011 in the amount of US$ 6.9M, which will cover the investment costs of nine protected areas and its buffer zones, the sinking fund's operating costs, coordination and monitoring expenses.

Table 9. GEF Sinking Fund Allocations

Type of Investment	Year 1	Year 2	Year 3	Year 4	Year 5
Parks	365,402	699,334	1,008,655	649,697	630,774
Mosaics	196,755	188,282	362,081	524,756	509,471
Operating Costs	184,741	184,132	184,060	183,988	183,916
Coordination	83,492	108,261	108,261	108,261	108,261
Monitoring	83,017	40,251	73,442	40,251	73,442
TOTAL	**913,407**	**1,220,261**	**1,736,500**	**1,506,953**	**1,505,865**

GEF's contribution to each park will support selected key management issues found in national park Management Plans in order to cover the most important investment needs and obtain the most cost-effective conservation impacts.

Table 10. Total Management Plan Costs vs. GEF Contributions

Park	Total Management Plan Requirement (for 5 years)	GEF Contribution	Percentage of GEF Contribution over Total Management Plan Requirement
Farallones	Not Available	502,995	Not Available
Galeras	748,747	543,939	73%
Utria	1,540,173	394,851	26%
Orquideas	867,475	402,396	46%
Cahuinari	Not Available	217,050	Not Available
Puinawai	503,533	149,691	30%
Sanquianga	Not Available	331,491	Not Available
Old Providence	Not Available	499,977	Not Available
Corales	1,399,780	396,360	28%

Total contributions to the project will consider: a) GEF's $6.9 million grant; b) TFCA's $4.5 million debt-swap; c) International Cooperation's $3.5 million estimated contribution; d) an estimated $7.5 million assignation from UAESPNN and e) an estimated $4.5 million assignation from Regional Autonomous Corporations.

Fiscal Impact

The National Natural Parks System (NNPS) receives financial contributions from central government transfers (61%), self-generated resources (29%) and international donations (10%)[53]. The NNPS's high dependency on government transfers implies financial vulnerability, especially during times of fiscal reduction or a lack of commitment to environmental spending. The following table shows 2005 projected spending needs of US$16.8 million, including annual costs of Management Plan implementation, compared to projected NNPS income of USD $10.7 million.

[53] Amounts are calculated based on contributions received between 2000 and 2004.

Table 11. National Park System's Financial Requirements

ITEM (2005)	COSTS US$
Average Annual Management Plan Implementation Cost	277,924
Total Cost 51 national parks	14,174,124
Operational Costs of Central Unit	2,660,501
Total Financing Needs 2005	16,834,625

The NNPS's projected deficit to the year 2011 is shown in the table below, assuming a straight-line growth tendency in central government transfers and international donations, and adding new programs being executed by the NNPS to contribute to self-generated resources[54].

Table 12. Projected NNPS Deficit (2005 – 2011) (Col$P million and US$M)

ITEM							
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Income	25,806	27,481	29,120	30,704	32,212	33,625	35,093
Additional Resources from New projects	2,301	4,993	5,595	6,024	6,234	6,421	6,614
Total Sources	28,106	32,474	34,715	36,727	38,446	40,046	41,707
Costs	9,561	41,539	43,409	45,145	46,725	48,127	49,571
DEFICIT Col$P	-11,455	-9,065	-8,694	-8,418	-8,279	-8,081	-7,864
DEFICIT US$M	**-4.87**	**-3.86**	**-3.54**	**-3.30**	**-3.13**	**-2.97**	**-2.89**

UAESPNN's accumulated deficit during the project's five years reaches US$ 19.7 million. The project will provide direct support to national parks worth US$ 3.4 million (excluding the endowment contribution, FUNBAP operational expenses and adding the fund's estimated investment yields), reducing the UAESPNN deficit to US$ 16.3 million, or 20.9% between 2006 and 2011 .

[54] Ecotourism concession, water use tariffs and highway use fees.

Annex 10: Safeguard Policy Issues

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

This project is expected to have a highly positive environmental impact. If implemented as planned, the project would have no significant adverse environmental effects. It would also comply with all applicable World Bank safeguard policies, as explained below. Detailed procedures and mitigation measures for all Safeguard policies presented below are described in Table 1 and detailed further in the project Operational Manual.

Environmental Assessment (OP 4.01). The project is classified as Category B, requiring some type of Environmental Analysis but not a full-scale Environmental Impact Assessment. The proposed project is aimed at supporting environmental conservation and improving capabilities in selected conservation mosaics to arrest and reverse trends of degradation and biodiversity loss. Conservation mosaics will be delimited during the project through the selection of specific national parks with global biodiversity importance, and expanding their scope of action to include other adjoining PA types and conservation and sustainable use strategies in surrounding rural landscapes (refer to annex 20 for a description of selection criteria). The consolidation of strict conservation areas, added to the support of biodiversity-friendly production systems, is expected to reduce existing threats to effective conservation in national parks and increase their social and economic sustainability.

The project should be largely positive to environmental conservation, for several reasons. First, the project will not promote the development of large-scale facilities or infrastructure generating environmental impact to PAs in the National Parks System. Second, the project will focus on conservation related activities and the refurbishing of existing infrastructure instead of on the construction of new facilities. Third, sustainable production strategies in buffer zones and other management categories will reduce existing pressures on Protected Area natural resources, restore degraded ecosystems and favor biological connectivity between various vulnerable areas, taking into account local economic and social needs. The project will lead to the promotion of strategies, such as sustainable eco-tourism, to contribute to the economic and social sustainability of conservation initiatives, generating a positive impact on the protection and restoration of species and ecosystems.

Nevertheless, aspects of the project could have minor environmental impacts associated with sustainable production systems and small-scale infrastructure activities. In such cases, local execution committees in each conservation mosaic will be responsible for potential environmental impact identification. These processes will be supervised by FUNBAP's Technical Unit, also responsible for the approval of conservation mosaic Work Plans. If necessary, the implementation of specific mitigation measures will be undertaken by local execution committees. The project OM further defines procedures and mitigation measures for any environmental impacts arising directly or indirectly due to project execution.

Forests (OP 4.36). The project is fully consistent with the Bank's Forests policy. It would not cause, nor facilitate, any significant loss or degradation of forests. On the contrary, the project is intended to arrest current levels of biodiversity and natural vegetation cover degradation by improving the protection and management of forests within project areas. Through its Component 2, the project will: (i) consolidate "core" areas by implementing selected key management issues contained in national park Management Plans (described in more detail in Annex 4), and (ii) integrate other PA categories and conservation and sustainable use strategies in rural agricultural landscapes to "core" conservation areas, forming socially and economically sustainable conservation mosaics. Through its Component 3, the project will monitor natural vegetation cover,

making adjustments if needed to ensure that the main sources of natural resource degradation in project areas are being addressed. The M&E system will contain key indicators to monitor the preservation of forests in national parks and related conservation mosaics (according to management strategies to be defined during the project's first two years of execution) in support of the Bank's policies.

However, there is a minimal likelihood that the projects lead directly or indirectly to the conversion of natural areas through inadequate activities in Protected Areas, indirect impacts on Protected Areas from contiguous sustainable production systems, anthropogenic impact from ecotourism, and the inadequate use of endangered or otherwise restricted species. Local execution committees in each conservation mosaic will be responsible for potential environmental impact screening and identification. These processes will be supervised by FUNBAP's Technical Unit, also responsible for the approval of conservation mosaic Work Plans. If necessary, the implementation of specific mitigation measures will be undertaken by local execution committees.

Pest Management (OP 4.09). The project is fully consistent with the Bank's integrated pest management (IPM) Policy. The project will support the use of biological or environmental control methods and reduce reliance on synthetic chemical pesticides within conservation mosaics, as part of its biodiversity conservation strategy. Through environmentally friendly agricultural systems, the project will link core conservation areas to rural landscapes to support biodiversity conservation. When working with indigenous and afro-colombian groups, the project will support the use of cultural practices. The project will support controlling pests, primarily through environmental methods and will support organic production. When this is not feasible, FUNBAP finance the use of pesticides for control of disease vectors, following IPM Bank application.

However, in the event that the project supports (directly or indirectly) any investment in agriculture that would require pesticides, a Pest Control Plan will be drawn up by qualified experts certifying that (a) no pesticides on the UN prohibited list will be used, (b) the project would promote integrated pest management (c) special care will be taken to avoid contamination of protected areas by prohibiting aerial spraying, proper disposal of receptacles, and careful management to avoid contamination of watersheds. FUNBAP will be responsible for the application of the Bank's IPM, which will include training in pest management for agricultural producers in project areas.

Cultural Property (OPN 11.03). Some of the conservation areas to be supported under the project contain significant archaeological, historical, or other cultural patrimony. The preservation of cultural sites or relics is considered a crucial element in national park Management Plans and will be promoted in other relevant conservation areas within conservation mosaics. Chance finds or known cultural sites affected by the project will be referred to the appropriate government agency that deals with antiquities and cultural heritage.

However, potential impact could result from activities involving new sustainable production systems, whereby some traditional farming practices may be lost, and in the case of ecotourism, contact between traditional communities and new visitors may result in the loss of traditional practices or archaeological heritage. In order to mitigate this risk, all activities financed under the national parks will be the developed under national park Management Plans, where the preservation of important cultural sites or archaeological property is considered crucial and their protection will be extended to surrounding mosaics. Additionally, FUNBAP will support studies to properly identify such sites and design measures that would help to protect them, to be included in the project Operational Manual.

Involuntary Resettlement (OP 4.12). No involuntary resettlement of any people will take place under the project. The participatory nature of management plan implementation and planning, as well as the provision of alternative livelihood mechanisms (including sustainable production systems, ecotourism and bio-commerce, will generate positive socio-economic effects at the local community level. Restriction of use is only likely to occur in the event that the management plan for a protected area requires it (e.g. prohibitions on fishing, hunting or gathering). The team has prepared a Process Framework (see Annex 10C below) as mandated by this policy in which the alternative livelihood proposals will be described in agreement with the potentially affected population. Local execution committees will define project execution mechanisms and will design process frameworks, if such practices involve the restraint of resource use. FUNBAP will be responsible for coordinating the application of this policy and the procedures outlined in the event of any conflict of use; detailed procedures will be outlined in the project OM.

Indigenous Peoples (O.D. 4.20). Three national parks overlap or adjoin indigenous territories, known as *resguardos*. However, the project will not cause any adverse effects on Indigenous Peoples residing in or near project areas. Colombia has an advanced legal framework regarding indigenous rights. The Colombian Constitution recognizes indigenous territories as territorial entities and its leaders as public authorities (Art. 246, 286). In recognition of the latter, UAESPNN's Social Policy of Participation in Conservation has been advancing in signing co-management agreements with indigenous communities for the administration of overlapped protected areas with indigenous authorities. "Planes de Vida" define joint working schemes together with territorial and environmental authorities, building consensus to define concrete conservation actions.

Project execution will support co-management agreements and their implementation in national parks overlapped with *resguardos*, as well as conservation activities with indigenous communities, within conservation mosaics. These activities could potentially lead to the autonomous establishment of specific areas under protection or sustainable management systems within the *resguardos,* yet taken within the context of the autonomy and the right of self-governance of indigenous communities.

Following various consultations with ethnic communities, some of which have already taken place, the delimitation of conservation mosaics will take place. This process will define the *resguardos* potential relations with conservation mosaics, activities (if any) to be included in the project and the implementation arrangements, among others. In such cases, three phases are considered: i) the development of a socioeconomic and ecological baseline, ii) the establishment of coordination agreements for conservation mosaics, which include conservation mosaics delimitation, definition of conservation strategies to be financed, and implementation arrangements, and iii) execution of activities and monitoring and evaluation.

Nevertheless, some indigenous peoples may not feel adequately consulted or represented by their leaders in the execution of project activities and/or agreements with indigenous communities. The team is preparing a Process Framework, included in the project OM, describing the measures taken to ensure there is no impact on indigenous groups, and outlining potential conflict resolution mechanisms in the unlikely event that conflicts arise.

In accordance with IBRD's policy on Disclosure of Information (BP 17.50), copies of all relevant Safeguard documents, including the Environmental Assessment Report and Process Framework, are available for public viewing at UAESPNN's office (Cra. 10 # 20-30, Bogotá) and on its website (www.parquesnacionales.gov.co).

Table 1. Safeguard Policies and Mitigation Measures

Bank Policies, Requirements and Application	Project Risks	Project Mitigation Measures
Environmental Assessment (OP4.01) This project has been classified as Category B due to its potential environmental impact, which can be mitigated through additional environmental management measures. To comply with this OP 4.01 a simple type of Environmental Assessment was performed.	Environmental impacts could result from some of the activities related to the conservation and management strategies that will be financed for the Parks and conservation mosaics. These risks are associated to: • application of inadequate agricultural production mechanisms, • potential introduction of exotic species, • ecotourism exceeding ecosystems' carrying capacity.	Local execution committees in each conservation mosaics will be responsible for potential environmental impact identification. These processes will be supervised by FUNBAP's Technical Unit, also responsible for the approval of conservation mosaic Work Plans. If necessary, the implementation of specific mitigation measures will be undertaken by local execution committees.
Forests (OP 4.36)	There is a minimal likelihood that the projects lead directly or indirectly to the conversion of forests through: • inadequate activities in Protected Areas, • indirect impacts on Protected Areas from contiguous sustainable production systems, • anthropogenic impact from ecotourism, and • the inadequate use of endangered or otherwise restricted species	Through Component 2 the project will: i) consolidate core areas by implementing management actions included in the MP, ii) integrate a new type of protected areas or sustainable conservation and management strategies to create the conservation mosaics. Through Component 3, the project will: i) monitor vegetation cover by implementing measures that prevent its reduction; ii) include in its monitoring and evaluation system some indicators to monitor the conservation of natural habitats not only in national Parks but also in conservation mosaics. Local execution committees in each conservation mosaic will be responsible for potential environmental impact identification. These processes will be supervised by FUNBAP's Technical Unit, also responsible for the approval of conservation mosaic Work Plans. If necessary, the implementation of specific mitigation measures will be undertaken by local execution committees.
Pest Management (OP 4.09)	Irrational or inadequate use of pesticides in productive landscapes within conservation mosaics	In the event that the project supports (directly or indirectly) any investment in agriculture that would require pesticides, the project will require a specific Pest Control Plan elaborated by qualified experts certifying that (a) no pesticides on the UN prohibited list will be used, (b) the project would promote integrated pest management (c) special care will be taken to avoid contamination of protected areas by prohibiting aerial spraying, proper disposal of receptacles, and careful management to avoid contamination of watersheds. FUNBAP will be responsible for the application of the Bank's IPM, which will include, if necessary, training in pest management for agricultural producers in project areas.

Cultural Property (OP 11.03)	Through activities involving new sustainable production systems some traditional farming practices can be lost to be replaced by modern Western practices. In the case of Ecotourism, contact between traditional communities and new visitors may result in the loss of traditional practices or archaeological heritage.	All activities financed under the National Parks will be the developed under the Management Plan, where the preservation of important cultural sites or archaeological property is considered crucial within the national parks, and therefore their protection will be extended to the conservation mosaics. Chance finds or known cultural sites affected by the project will be referred to the appropriate government agency that deals with antiquities and cultural heritage. Additionally, the project will support studies to properly identify such sites and design measures that would help to protect them, which are included in the project Operational Manual.
Involuntary Resettlement (OP 4.12)	Despite the fact that this project does not include any cases of involuntary resettlement for the people involved, the life forms of the communities residing in the protected areas or their buffer zones may be affected by the restrictions on the use of natural resources that are part of their subsistence.	Local execution committees will define project execution mechanisms and will design process frameworks, if such practices involve the restraint of resource use. FUNBAP will be responsible for coordinating and assisting this process.
Indigenous Peoples (OD 4.20)	3 national parks either overlap or adjoin indigenous territories or reserves. Some indigenous peoples may not feel adequately consulted or represented by their leaders in the execution of project activities and/or agreements with indigenous communities.	UAESPNN'S social participation policy on conservation has advanced in the construction of co-management agreements for the administration of national parks overlapping reserves. ▪ This planning process seeks consensus to define specific actions aimed at the welfare of communities and the conservation of protected areas. ▪ The project will support co-management agreements and their implementation in National Park-overlapping Reserves, only performing project activities if indigenous communities request and approve of these activities. ▪ The team has prepared a Process Framework for Indigenous Peoples.

Annex 10A: Environmental Analysis

Executive Summary

The project's global environmental objective is to arrest and reverse trends in biodiversity loss in Colombia's globally important ecosystems. The project will support this objective by establishing a long-term financial mechanism to support recurrent PA cost financing, as well as by seeking effective consolidation of fourteen conservation mosaics.

Minimal Environmental Impact Foreseen. This will be a national-scale project that is expected to be largely positive to biodiversity conservation and sustainable natural resource use, for several reasons. First, the project will not promote the development of large-scale facilities or infrastructure generating environmental impact to PAs in the National Parks System. Second, the project will focus on conservation related activities and the refurbishing of existing infrastructure instead of on the construction of new facilities. Third, the application of sustainable production strategies in buffer zones and other management categories will reduce existing pressures on Protected Area natural resources, restore degraded ecosystems and favor biological connectivity between various vulnerable areas, taking into account local economic and social needs. The project will lead to the promotion of strategies, such as sustainable eco-tourism, to contribute to the economic and social sustainability of conservation initiatives, generating a positive impact on the protection and restoration of species and ecosystems. Nevertheless, aspects of the project could have minor environmental impacts associated with sustainable production systems and small-scale infrastructure activities. The procedures and mitigation measures outlined below would address any environmental impacts arising as a result of project execution.

Potential Environmental Impacts and Mitigation Measures. Investments in national parks will be undertaken according to key management issues defined within the selected national Parks' Management Plans. Such Plans were developed with participation from local communities and institutions, garnering significant social support to reduce natural resource pressures, restore degraded ecosystems and favor biological connectivity between core areas. These Management Plans include Strategic Action Plans defining initiatives and procedures for collaboratively implementing conservation and management strategies.

Maintenance and Refurbishment of Existing Infrastructure. The project will not invest in new large-scale architectural developments or infrastructure. The project will support the maintenance and refurbishment of existing national park facilities as they are needed to improve the management and enforcement of project areas. In such cases, the project will abide by a Procedures Manual developed by the National Parks Unit, or UAESPNN ("El Manual de procedimientos para obras de infraestructura y arquitectura bioclimática", included in project file). This Manual dictates that all infrastructure projects to be undertaken in national parks must be small-scale constructions (cabins, administrative centers, research sites or personnel lodging facilities). Their location must respond to certain criteria securing minimal environmental impact, such as (i) easy access, (ii) not being in restricted zones, (iii) being in an already intervened zone or in a place with low identified cultural or ecological value, (iv) being on a flat plane, to reduce the need for earth removal, and (v) abundant water supply and with wastewater treatment facilities. National park buildings and facilities must be built using ecologically-friendly materials and seeking visual harmonization with the surrounding landscape. The Manual also identifies the minimal environmental impacts associated to this type of construction activities and outlines environmental impact mitigation measures.

The project will only update infrastructure in areas allowing such activities as stated in the national park zoning plans (contained in the respective Management Plans). No project resources will be

spent on activities that are incompatible with activities allowed for each zone, as stated in each National Park's Management Plan.

The project could potentially finance the construction of small-scale architectural facilities or infrastructure in areas outside of national park boundaries but forming part of the project's conservation mosaics. However, their location and construction materials must secure minimal environmental impact, in accordance with the activities allowed for specific management categories.

Conservation Investments. Project investments in national parks will be guided by selected key management issues predefined within the respective Management Plans. Such issues will be focused on generating positive environmental effects, preserving endangered species and natural habitats, restoring degraded ecosystems, and conserving cultural, archaeological and historical values contained within the national parks boundaries and the selected conservation mosaics. The project will undertake activities in accordance with UAESPNN's Sustainable Systems Strategy for Conservation. (SSC, in project file). The SSC is based on the Social Policy of Participation in Conservation, which states that "existing [pressures on protected ecosystems] are a result of social conflict and the dominant development model, and can only be reduced if social conservation actors are involved in various conservation initiatives." The SSC parts from the assumption that conservation cannot be undertaken in isolation from socio-economic contexts that determine the viability of PAs and their surrounding areas of influence. The strategy

The SSC has already been applied to close to 7,000 non-indigenous families and 3,000 indigenous families inhabiting in or near national parks, encompassing 8,330 plots of lands and 73,649 hectares. Its main results include: watershed restoration, with 821 water sources under recovery, 230 kilometers of riparian forests under reforestation and 281 hectares under natural succession; the introduction of sustainability criteria into extractive and productive activities, including 851 hectares of silvopastoral systems, 715 hectares in sustainable crops, 5,281 orchards, and 342 hectares in fodder and protein banks; reversal of ecosystem fragmentation, with 667 hectares under recovery, 391 kilometers in live fences, and 101 community tree farms; and soil conservation, with 4,273 soil stabilization projects with environmental sustainability criteria and 684 soil conservation projects through increased forest cover.

In order to ensure that project activities do not generate negative environmental impact, the following indicators will be tracked during project execution:

- Protection and/or recovery of biological systems based on: hectares within productive farms under environmental ordering and conservation processes and number of watersheds under restoration;
- Strengthening of participatory and cooperative processes, with at least 30% of all surveyed families adopting sustainable natural resource use practices;
- At least 9 signed and/or implemented conservation agreements with stakeholders in conservation mosaics, and
- Conflict resolution mechanisms operational, parting from the establishment of social-environmental pacts, meant to exercise social control over natural resource use conflicts.

Annex 10B: Social Assessment

Executive Summary

The project development objective is to support the development of the National Protected Areas System by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). FUNBAP was established with a public-private board composition and a mandate to execute public-sector conservation policies related to the NPAS. The success of the project depends on the levels of participation and coordination obtained with various sectors and institutions, and the consolidation of effective PA management models that interacts positively with the surrounding landscapes and supports sustainable human development.

The GoC, through its Social Policy of Participation in Conservation (see Annex 1), actively involved buffer zone communities in the participatory design and implementation of Management Plans for the national parks. This process will contribute to the development of the National Protected Areas System (NPAS), which validates various conservation and sustainable management initiatives arising from diverse traditions and perspectives.

The following Social Assessment reflects socio-cultural, political, and economic dynamics in the project's selected fourteen conservation mosaics. The results of this assessment were incorporated into: (a) the key criteria for prioritization of conservation mosaics; (b) overall project design, and (c) the Participation Strategy.

Objective. The objective of the social assessment is to identify the social context and dynamics present in each of the project's proposed areas according to the following issues:
1. developmental needs of local and regional organizations and communities;
2. strategies required for the project execution;
3. special mechanisms required for project operation in different project areas, and
4. design of a Participation Strategy guiding project execution.

Methodology. The Social Assessment was based upon the analysis of Management Plans (MPs) for the project's selected national parks, consultation and discussion with national park Directors and their respective work teams and inputs from key local actors (social and institutional). These consultations led to the identification of key management issues to be addressed in "core" conservation areas located in the project's conservation mosaics (see Annexes 4, 19 and 20 for a definition and description of conservation mosaics and the methodology related to addressing key management issues in national parks and surrounding areas). Additionally, the Social Assessment included discussions with actors and institutions in the environmental sector to incorporate project formulation strategies, themes and lines of financing and execution procedures and mechanisms.

Identification of Beneficiaries and other Social Sectors. The target population consists of communities inhabiting in the project's fourteen conservation mosaics, which include Protected Areas, their surrounding buffer zones and complementary rural agricultural landscapes. In general, protected areas and strategic ecosystems coincide with the most peripheral zones in the national economy, with incomes significantly below the national average. Principal benefits from the project's conservation strategies will include:

- Economic alternative generation through sustainable production sub-projects to be developed in conservation mosaics, including eco-tourism, economic and institutional incentives for conservation, tax exemptions and environmental services provision agreements;

- Local community participation in PA management plans, which will include strategic planning for buffer zones and support to private-sector conservation and sustainable production initiatives, and
- Local communities' social and organizational strengthening for the execution of sub-projects.

Prioritized Conservation Mosaics. For information regarding the processes and social dynamics of 9 national parks selected for the GEF donation refer to the table at the end of this annex.

Participation Strategy. The Participation Strategy is directed at strengthening the ties among the project's social and institutional allies, emphasizing the development of participative mechanisms and alliances and directing special attention to the following:

- Strengthening the organizational dynamics of populations and communities related to protected areas, both public and private or collective, as well as mechanisms for direct participation.
- Development of institutional capabilities relevant to environmental management.
- Recognition of different management categories and conservation strategies for the sustainable use of biodiversity.
- Construction of institutional and intercultural perspectives which harmonize different interests and development synergies according to the territory's environmental and cultural organization.
- Harmonizing interests and uses with conservation so as to make conservation of biodiversity compatible with the well-being of local communities.

Project Formulation Phase

Activities were directed to building a basic consensus among the key social actors and institutions on the national and regional levels, as well as obtaining contributions from previous experiences in different areas related with project objectives. To do this, the team, which included four regional facilitators, developed a socialization, participation, and discussion process through meetings and workshops with four groups: (1) public institutions related with AP management and conservation, (2) national NGOs and social organizations, (3) experts on the environment and from the public sector, (4) directors and teams from selected national parks.

The activities these sectors and groups carried out were as follows:

1. Identification of key stakeholders and institutions at the regional and national levels.
2. Consultations with key stakeholders to discuss the *Biodiversity and Protected Areas Fund (FUNBAP)* and incorporate their comments and viewpoints. This included the legal and institutional design of the Fund, priorities for financing, and mechanisms for participation and coordination. In synthesis, the following events were carried out:

    - MAVDT and the National Natural Parks Unit: periodical meetings to draw up policies and establish coordination with the National Environmental System (SINA).
    - Association of Autonomous Regional Corporations (ASOCARS): Socialization and discussion meetings to consider relationships, duties, and responsibilities on the local, regional, and national levels affected by the project.
    - Autonomous Regional Corporations (CAR) and Sustainable Development Corporations (CDS): With the support of the SINA group, four regional workshops were held for 34 CDS and CAR: (1) Amazonia Orinoquia Workshop with 24 participants, Bogotá, 23 and 29 July 2005; (2) Andino Oriental and Magdalena Medio Workshop with 20 participants, Bucaramanga, 1 and 2 August 2005; (3)

Andino Centro Occidental and Pacífico Workshop with 33 participants, Medellín, 11 and 12 August 2005; (4) Mesa SIRAP Caribe and Insular Workshop with 33 participants, Cartagena, 22 August 2005. These events allowed identification of joint efforts and provided preliminary identification of roles at the local and regional levels to initiate pilot projects in selected conservation sites. The workshops included the participation of territorial entities involved in local and regional conservation and sustainable development processes.

- Alexander von Humboldt Research Institute: Socialization meetings for the project, coordination with activities and proposals developed by the Institute (especially as related with the GEF Andes project and the strategy for biocommerce and conservation of rural landscapes), and discussion of the Institute's participation in the creation of the Fund.
- Directive Committee for the Memorandum of Understanding—MOU (signed by MAVDT, UPNN, research institutes, and NGOs): Socialization and discussion meetings dealing with relationships with and potential support from the Fund and the project in the development of a Work Plan for Protected Areas and the international responsibilities contracted with the COP7.
- National Facilitation Committee of the SINAP: Socialization and discussion meetings on the initiative to create the Fund and its role in consolidating the SINAP as well as the channels and relationships required by a public environmental policy.
- Association of the Colombian Network of Civil Society Reserves: Socialization, discussion, and exchange meetings with the Amplified National Board of Directors during the Annual National Assembly regarding relationships between the public and private sectors included within the project, possible contributions from organized social groups regarding the conservation of biodiversity, and the eventual benefits derived from its implementation.
- International NGOs (WWF, TNC, and CI): Active association beginning with the formulation phase of the PDF-B as a result of their participation in a debt exchange agreement with the U.S. government (2004). Their contributions are based on national experience and knowledge acquired in projects with different national parks and with social groups, as well as more recent direct participation in support of the construction of the Work Plan for Protected Areas stimulated by the Memorandum of Understanding.
- Experts in national environmental policy and in the public sector: Included former Cabinet Ministers and Vice Ministers for the Environment, ex-Directors of the Institute for Natural Resources (INDERENA) and the National Natural Parks Unit, representatives from the private sector with experience in conservation of biodiversity and business administration, representatives of the private and public financial sectors, lawyers, and biologists.

3. Discussion with potential founders of the *Fund* at an initial informative meeting with each of them, delivery of preliminary documents for their use from different directors, and—later—joint meetings to analyze their participation and incorporate their remarks and views in the project proposal. The founders included the Alejandro Angel Escobar Foundation, the CIPAV Foundation, the Corona Foundation, the Colombian Network Association for Civil Society Reserves, the Natura Foundation, ECOFONDO, CORPACOT, and the Institute for Research in Rural Development and Environmental Analysis—IDEADE—of the Universidad Javeriana.
4. General agreement with the National Natural Parks Unit regarding strategic objectives for the Protected Areas selected for the project, as well as the local communities and institutions that must be involved in its execution.

5. Consultations with diverse persons, communities, organizations, and institutions regarding the different components of the project.
6. Identification of adequate operational models and strategies, methodologies, and tools for participation and execution.
7. Systematization of previous processes and lessons learned.

Project Execution Phase

In relation to conservation mosaics, the Participation Strategy includes the following:

1. Consultation and discussion with social and institutional actors and with work teams from national parks.
2. Collective consultation and analysis exercises to delimit the conservation mosaics and prioritization of the Protected Areas, as well as complementary strategies included in the execution of the project.
3. Establishment of a general agreement among the project team, the national parks, and conservation mosaic stakeholders regarding project strategies, goals and indicators.
4. Design and implementation of strategies, methodologies, and tools for participation and execution of activities in the conservation mosaics in coordination with execution of the Management Plan for national parks.
5. Establishment of agreements and coordination and participation functions within the activities of the conservation mosaics.
6. Standardization of processes with local inhabitants.
7. Design of agreements for the ordering and management of buffer zones.
8. Design of processes to strengthen local organizations.
9. Creation of collective designs and shared implementation of sustainable development strategies in rural farm areas which stimulate improved lifestyles for local inhabitants. These include the following activities:
    - ✓ Establishment of local execution committees
    - ✓ Participative definition of objectives and strategies for conservation and sustainable use in the management of the mosaic
    - ✓ Definition of joint work plans and participation and coordination mechanisms that include the characteristics of the Annual Operational Plans (POA), the precision of procedures, and the responsibilities required for their execution, monitoring, and evaluation.

For the functioning of the *Fund*, the following are included within the Participation Strategy:

1. Organization of a board of directors with participation from public entities, private organizations, and civil society representatives from diverse social sectors, all with different experiences and fields of expertise.
2. Potential participation of diverse social and institutional sectors in the sub-budget committees created within the Fund to manage resources according to the needs of donors and beneficiaries and within the framework of the requirements established by the fund's board of directors.
3. Feedback regarding the administrative practices and execution of resources in the protected areas (nuclei areas and conservation mosaics).

For the conservation mosaics program (Component 2), the Participation Strategy covers the following points:

1. Establishment of conservation mosaic baseline assessments, including ecological as well as social and institutional aspects. This would include a consultation process to allow feedback and enrich the analysis.

2. Delimitation of conservation mosaics and prioritization of PAs and complementary strategies to be included in the project execution.
3. Consensus among the project team, national park and conservation mosaic stakeholders regarding strategic lines, project goals and indicators for project execution.
4. Design and implementation of strategies, methodologies, and tools for participation and execution of activities in conservation mosaics, in coordination with national park Management Plan execution.
5. Establishment of agreements and coordination instances for conservation mosaics.
6. Join systematization of processes with local populations.
7. Development of agreements for the ordering and management of buffer zones.
8. Establishment of local participation spaces.
9. Processes for the strengthening of local organizations.
10. Improvement in well-being by means of sustainable production strategies in rural agricultural landscapes.

For the project Management initiative (Component 3), the Strategy will undertake Participatory design of a monitoring and evaluation system to allow feedback in key processes and incorporation of lessons and new knowledge.

In order to ensure the fulfillment of requirements outlined in the Indigenous Peoples Safeguard policy (O.P. 4.10) the project team elaborated an Indigenous Process Framework. This framework considers appropriate participatory and consulting procedures for the planning and execution of project activities (refer to documents in the project file).

Objectives and Principal Activities of the Process Framework:

1. **Objective**: to ensure that overlapped national parks where selected key management issues involve the indigenous communities (Cahuinarí and Puinawai) will respect and strengthen previous agreements and promote the establishment of special management regimes. **Activities:**
Each national park will promote meetings with the appropriate instances to coordinate project execution mechanisms during PY1.
To plan and undertake discussion meeting and workshops with the indigenous authorities and communities for management plan and life plans harmonization.
To discuss information and the indigenous visions about management and planning of their territories
Budget: US$150,000.

2. **Objective**: To develop intercultural tools for the territory management and the successful implementation of the Natural Park Management Plan. **Activities:**
To generate discussions and undertake meetings in order to combine norms and regulations
To define indicators and monitoring and evaluation mechanisms.
Budget: US$100,000.

3. **Objective**: To define sustainable production and natural resource use alternatives and generate management agreements in overlapped national parks. **Activities:**
Each national park and the indigenous authorities/organizations will undertake characterization processes of selected natural resources management and use.
To define norms and agreements for specific natural resources management.
To establish sustainable production alternatives, according to traditional practices.
Budget: US$200,000.

4. **Objective**: to ensure that indigenous and afro-colombian communities, as well as other stakeholders are duly informed about the project's objective of establishing and implementing management strategies of conservation mosaics as well as the general project objective and activities. **Activity:** FUNBAP's Technical Unit will undertake a participatory for stakeholder identification, baseline assessment, and conservation mosaic delimitation during PY1-PY2. **Budget: US$100.000 .**

Additionally, the process framework will ensure that the project: (i) promote participatory processes in planning, execution, monitoring and evaluation of sub-projects and activities; (ii) respect and strengthen previous processes and agreements; (iii) will only involve indigenous territories and communities in project execution in conservation mosaics if they are interested and agreed to; (iv) respect for cultural and ethnic diversity; (v) ensure that information regarding project progress is widely available to indigenous communities, and (iv) seek to hire consultants with abilities and experience in inter-cultural dialogue and participatory project execution.

Key social impact indicators include:

- 9 national park Management Plans designed and under implementation with high levels of community participation;
- 45 participatory workshops undertaken regarding planning, decision making and conservation practices;
- 9 agreements with local communities regarding conservation management and sustainable use practices;
- 4 agreements signed or under implementation with ethnic authorities for conservation and PA management, and
- 4 regional committees established for coordination of activities.

Annex 10C: Description of Consultation Process

The creation process of FUNBAP has been discussed at different scenarios and by different experts, organizations, and examples, both by the national and international public and private sectors.

NGOs and social organizations

- Colombian Network Association of Civil Society Reserves
- Fundación Natura
- Fundación CIPAV
- Fundación Alejandro Angel Escobar
- Association of Regional Autonomous Corporations
- World Wildlife Fund
- The Nature Conservancy
- International Conservation
- ONIC (National Organization of Colombian Indians)
- Fundación GALA

Entities and committees related to NPAS

- National Facilitation Committee for the NPAS
- Committee for the Memorandum on Understanding

Public Sector

- Ministry of the Environment, Housing, and Territorial Development (MAVDT)
  - Minister and Vice Minister
  - Office of Ecosystems
  - National Environmental System Group
  - Office of International Cooperation
- Entities that have worked with the National Natural Parks Unit:
  - Head Office and consultants
  - Extended Directive Committees with the 6 Territorial Head Offices
  - Technical Office
  - Participation Office
  - National Parks: Galeras, Colorados, Old Providence, Corales, Sanquianga, Farallones, Katios, Puinawai, Utría, Orquídeas
- Autonomous Regional Corporations (see list below)
- Invemar
- SINCHI
- Alexander von Humboldt Institute

International Agencies – possible donors

- AECI
- Dutch Embassy
- GTZ
- Moore Foundation
- MacArthur Foundation

National events and activities

- Annual Assembly of the National Network Association for Civil Society Reserves, Paipa, 10 March 2005.
- Meeting of the SIRAP Caribe Technical Committee, Montería, 22 July 2005.
- Seminar Workshop: Financing for the Conservation of Protected Areas in Colombia, Bogotá, 2-3 November 2005.
- Workshop on Advances in the Construction Process of SINAP, Medellín, 24-25 November 2005.
- Annual Assembly of the Association of Regional Autonomous Corporations, Cartagena, 2 December 2005.

International events and activities

- Meeting, Work Plan for Protected Areas—Donors´ Table, Montecatini, Italy.
- 7th Assembly of the Latin American Network of Environmental Funds—RedLAC, Antigua, Guatemala.

Environmental experts

- Manuel Rodríguez Becerra, ex-Minister of the Environment
- Eduardo Uribe, Planning expert and CIDER professor
- Margarita Marino, ex-Director of National Parks (Inderena)
- Claudia Mesa, Social Consultant
- Alberto Galán, GTZ Consultant, ex-Director of the Environmental Policy Unit NPD
- Carlos Herrera, Member of the National Association of Industries (ANDI)
- Juan Carlos Esguerra, ex-Minister of Defense, expert in Constitutional Law
- Alonso Castellanos, financial consultant
- Eugenia Ponce de León, Environmental Sector Legal Consultant
- Fabio Arjona, Conservation International
- Pilar Barrera, TNC
- Ximena Barrera, WWF
- Germán Andrade, specialist in biodiversity

Methodology for the consultation process

The following have been carried out at the different scenarios:

1. Presentation of the *Project for the Fund for Protected Areas in Colombia*
2. Discussion of different aspects of the fund, such as
    a. Project antecedents and general chronogram
    b. Characteristics and objectives of the fund
    c. Legal alternatives in setting up the fund
    d. Organizational structure of the fund
    e. Structure of the NPAS
    f. Relationship of the Fund with institutions, especially SINAP
    g. Design of the GEF project

Two case histories of participative discussion and formulation follow:

I. Process with Experts

Two meetings were held with a group of experts from the environmental and public policy sectors in order to discuss and analyze the type of model for the constitution of the Fund for Protected Areas and its relationship with the SINAP.

Primary Conclusions:

REGARDING THE NPAS AND FUNBAP: The importance of FUNBAP as a new entity is related to the political context of constructing the NPAS as a support mechanism whose resources will be clearly directed at objectives and priorities defined within the framework of NPAS policy.

REGARDING FUNBAP: A new and specialized entity must be created for the Protected Areas and the NPAS. The mechanism proposed must be seen as an instrument to articulate resources and support NPAS policies for its construction. It was agreed that, bearing in mind the legal pertinence and political convenience of the alternatives under analysis, the most adequate alternative is that of the **Foundation** because its characteristics best respond to NPAS objectives and guarantee long-term permanence of the goals for which it was created. Moreover, there was consensus regarding the mixed character of the Foundation because of the public nature of NPAS objectives.

REGARDING THE BOARD OF DIRECTORS: The Board must have a system of government that allows efficient decision-making and functioning, guarantees stability and the transparency necessary for responses to different interests, and answers challenges that make the NPAS a national collective creation.

II. Process with the Regional Autonomous Corporations (for more details, see the memoirs of these workshops, documents in the project file)

General Objective. In the framework of the construction process of the NPAS and definition of a road map for participation of the CAR, an initiative was presented for the Fund to be a financial instrument for support of the NPAS. Discussions were promoted regarding the role proposed for the Fund, its government, and participation of the CAR in the mechanism.

A meeting was called by the Minister of the Environment, Housing and Territorial Development and the Director of the Parks Unit with the 34 CAR. The strategy for regional workshops was programmed in accordance with a NPAS proposal for regionalization. 29 of the 34 CAR participated:

- Amazonia and Orinoquia: Corpoamazonia, Corporinoquia, CDA, Cormacarena
- Andino Oriental and Magdalena Medio: Corpoboyaca, CAS, CDBM, Corponor, Corpochivor, Corpoguavío, CAR
- Pacifico and Andino Centro Occidental: Codechoco, Corantioquia, CVC, Carder, CRQ, Corpocaldas, Corpourabá, Cortolima, CRC, CAM, CORPONARIÑO, CORNARE, and Cormagdalena
- Costa and Insular Caribe: CRA, Corpoguajira, Corpocesar, Corpomag, Cardique, Carsucre, CVS, Corpomojana, CSB, Coralina

Some of the primary recommendations and conclusions include the following:

- The MAVDT, in the name of the national government, recognizes the construction of the NPAS as a strategic opportunity for significant advancement in the conservation of biodiversity and integral environmental management and expresses concrete support for the design of FUNBAP as an instrument for supporting the construction of said System.
- Emphasis was made on the need for the Fund to support strengthening of environmental institutions in the country. Especially important is its contribution to public entities responsible for the conservation and management of protected areas, especially those in the Parks Unit.

- It is suggested that greater participation by the Regional Autonomous Corporations on the board of directors of the Fund be created to provide representation for all regions and respond to their importance as environmental authorities in their jurisdictions.
- It is important to extend the area of intervention of the Fund so that additional areas can be added to the prioritized mosaics that receive GEF resources.
- The Fund must be an attractive instrument for donors and international cooperation and also for public institutions. In this sense, it must respond to national conservation priorities and strengthen public capacity for the management of protected areas.
- Necessary institutional arrangements must be generated so that the Fund will be a support mechanism for national conservation interests without weakening or coming into competition with public authorities.
- Possibilities should be explored for synergies of resources and technical and administrative training for FUNBAP and environmental funds in the provinces which depend on territorial entities.
- It is recommended that persons or associations that are members of the Board have political influence and important management and negotiation abilities within the national and international contexts. Technical strength must lie with the Technical Committee. NGOs must have clear participation on the Board as well as private sector associations or groups and the world of academe.
- Regarding the Founders, there should be meetings of (1) the private business sector, through a foundation; (2) the environmental NGOs, through other NGOs with different topics, including the environment, socio-environment, private conservation initiatives, technical expertise; (3) the academic sector, through a university or research institute; (4) the private sector, through the Ministry and potentially a research institute and the CAR.

Social Baseline Assessment in GEF National Parks

POPULATION	USES AND PRESSURES	PROCESSES / PROGRESS
FARALLONES DE CALI		
In the national Park area: - 3 Nasa (Páez) and Embera indigenous communities (with no titled Reserves) In the buffer zone: presence of a large number of different social actors: i) western slope: 16 territories with black and indigenous communities; ii) dominant landowners with large farming and cattle-raising areas.	- Increasing human settlements. - Extension of agricultural frontier. Renovation of road infrastructure. Power generation Megaproject: transfer from El Engaño river to the Anchicayá river. - West slope - under 200 m (outside the NP area): intensive human occupation, fragmentation and inappropriate uses of land.	- Yanaconas 2001Agreement: signed between the Valle Association of Indigenous Community Councils – ACIVA – and the NPU (National Parks Unit). Local agreements signed with 31 member communities. - Yanaconas Agreement 2002: signed by and between the Afro-Colombian communities and the NPU. Creation of a regional agenda and several local agendas.
UTRIA		
Approx. 95 percent of this national park overlaps 4 Embera Indigenous Reserves (1200 inhabitants): i) Alto Río Bojayá Reserve: 616 people; ii) Valle and Bororo Rivers Reserve: 218 people; iii) Bete Auro Bete and Auro del Buey Reserve : 190 people; iv) Jurubidá-Chori-Alto Baudó Rivers Reserve: 800 people. Afro-Colombian communities organized under Los Delfines and Riscales Community Councils.	- Indiscriminate subsistence fishing activities carried out by black communities settled in the national park area of influence. - Tourist activities with impacts from pollution in the coral reef, mangrove and beach ecosystems. - Inhabited forests and loss of fauna. - Future projects: Port of Tribugá and integration road connected to the country's inland road system.	High local environmental social organization and influence in decision-making related to land use. Indigenous consensus building committee: articulation of Life Plans and PA Management Plan. Support Afro-Colombian community authorities and Community Councils in the preparation, management and implementation of Management Plans regarding the resources of their collective territories (PA area of influence).
ORQUIDEAS		
- Overlaps 2 Indigenous Reserves of the Embera ethnic group Katío: Valle Pérdidas and Chaquenodá (220 people), with dispersed traditional settling patterns. - Afro-Colombian communities. - East side: 193 plots owned by peasant families (settlers) originally from the Antioquia region, within the PA (Protected Area).	- All Reserve communities overlapped (west sector of the national park) depend on the PA funds for their subsistence. - West side: peasant occupation frontier: unsustainable extraction and production activities and permanent use of PA natural resources. - Inappropriate fishing practices.	2001: Agreement with Antioquia Indigenous Organization (OIA), Mayor's Office of Urrao, CORPOURABA and Orquídeas national park, to improve the preparation of Life Plans. 2002: Local Agenda with OIA to redirect intercultural management of the overlapping area. 2004: Inter-Administrative Agreement on control activities between the Valle de Pérdidas Indigenous Community Council and the Parks Unit.
GALERAS FFS (Fauna and Flora Sanctuary)		
Communities formed by farming peasants with indigenous traditions. High rural population density. Private property plots exist within the PA.	Intervention of PA biomes deriving from inappropriate land uses by peasants in the buffer zone: fauna species hunting, wood extraction for household use, and soil crushing and erosion from grazing. Expansion of agricultural frontier. Soil and water contamination due to the use of highly toxic synthetic agrochemicals.	- Advanced social process regarding environmental agreements for the conservation of the PA and the establishment of sustainable production-conservation systems in buffer zones. - Support the creation of 7 private reserves. Food security Program for approx. 900 peasant families. - Work strategy through peasant facilitators.

ROSARIO AND SAN BERNARDO CORALS (CRSB)		
Black communities with increasingly high poverty rates. ROSARIO AREA: Native population traditionally dedicated to fishing. 6 towns inside its buffer zone. Approx. 10,000 people. 450 fishermen carry out their activity in the PA. Irregular occupation of islands by owners of resorts and hotels. SAN BERNARDO AREA:10 native fishermen towns in the Archipelago. Approx. 1800 people. Growing tourist activity.	Growing pressure on ecosystems due to progressively impoverished native inhabitants and fishermen communities in the buffer zone. Use of inappropriate and intensive fishing practices. Pressure from disorganized tourist activity not benefiting native inhabitants.	1999: CRSB NP Advisory Committee with representatives from different social actors to establish area management agreements. 2004 (TNC [The Nature Conservancy] support): determination of NP carrying capacity with the participation of the population from 5 native towns (Rosario Sector). Conduct studies and proposals for the NP Management Plan. Recent partnerships with CARDIQUE, SENA, Mayor's Office of Cartagena, CIDEA, the Coast Guard and INVEMAR.
OLD PROVIDENCE McBEAN LAGOON		
Original native peoples residing in the buffer zone: Approx. 780 people. Sectors: i) Punta Rocosa (231 inhabitants – 5 percent in the national park area); ii) Boxon-Maracaibo (28 inhabitants – 90 percent in the national park area); iii) La Montaña (529 inhabitants – 30 percent in the national park area).	Pressure of the native population on the PA fisheries resources. Buffer zone: - Inappropriate farming and cattle raising practices. - Mangrove extraction for construction purposes. - Hunting of special fauna. Increase of unsustainable tourist activity.	Management articulated with Old Providence and Santa Catalina Fishing and Farming Cooperative Enterprise. Agreement with the Mayor's Office, the Governor's Office and CORALINA to implement the Environmental Interpretation and Education Center project.
CAHUINARI		
A territory inhabited by the Miraña-Bora indigenous people. 85 percent of the PA overlaps the Predio Putumayo Indigenous Reserve. Population: approx. 10,335 inhabitants: Mirañas on the banks of the Caquetá river; Boras and Witotos on Predio Putumayo. The PA adjoins the Mirití Paraná Indigenous Reserve (1600.ha) - ethnic groups: Yucuna, Tanimuca and Matapí.	Traditional production systems and cultural recuperation processes. Illicit commercial pressure on fisheries resources and on the charapa turtles. Tapir hunting.	The most advanced co-management process of a PA between indigenous population and NPU in the country. 1994-1998: Management and monitoring agreements of the charapa turtle. 2001: Inter-Administrative Agreement for the Coordination of the Public Duty for the Conservation and Management of the national park Area, signed by and between The Ministry of Environment and the Miraña Public Authority.
PUINAWAI NATURAL NATIONAL RESERVE		
73 percent of the PA overlaps 4 Indigenous Reserves: - Part of Upper Guainía River Reserve: 391 people - ethnic group: Curripaco. - Cuiarí and Isana Rivers Reserve (Puerto Colombia): 1,461 people - ethnic group: Curripaco. - Middle and Upper Inárida River Basin Reserve: 1.528 people - ethnic group: Puinave. - Tonina, Sejal, San José Reserve and others: 903 people - ethnic group: Curripaco.	- Economic activities carried out by local population are dependent on subsistence farming, hunting, mining and fishing. - Changes in traditional regulatory systems and usage practices of natural resources. - Illegal crops. - Mining (by indigenous people and settlers).	Recent approximation to local communities. Spaces for coordination with the Association of Indigenous Authorities of Río Guainía, the Organization of the Puinave People of Guainía and the Association of the Regional Indigenous Council. Steps for the creation of a Subregional System for Protected Areas (Tuparro, Puinawai and Nukak).

SANQUIANGA		
52 rural villages (veredas) with indigenous, Afro-Colombian and mestizo populations (10-11 thousand inhabitants), settled in the area prior to the creation of the national park. 3 Indigenous Reserves in national park buffer zone: Embera and Eperara Siapidara ethnic groups: - Sanquianguita. - La Floresta-Santa Rosa-Río Sanquianga. - Río Satinga.	High poverty and extreme poverty rates, unsatisfied basic needs, socio-political violence. - Production systems based on harvesting forest and agricultural products. - Mangrove deterioration and crushed soils due to practices relating to subsistence products, fishery, hunting, cattle raising and forest exploitation. - Population in buffer zone extracts PA resources for subsistence and commercial purposes.	1995 – 1999: 11 agreements with local communities for the regulation of fishing, control to exports of piangua, and mangrove management and zoning. Councils of ODEMPA Afro-Colombian Communities participated in the PA Management Plan..

Annex 10D: Process Framework for Mitigating Potential Livelihood Impacts

Project Summary. The Project Development Objective is to support the development of the NPAS by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). FUNBAP was established as a private-sector foundation with a majority private sector board composition and a mandate to execute public-sector conservation policies related to the NPAS. FUNBAP will contain a mixed composition of endowment and sinking funds; while the endowment will support incremental, recurrent costs in the NPAS, FUNBAP will also execute direct investments in 9 conservation mosaics.

No Physical Displacement. To effectively implement the project, no involuntary physical displacement or involuntary relocation of people would be required, and none will take place as a part of this project. This is consistent with the GoC's Social Policy of Participation in Conservation implemented by the National Parks Unit (UAESPNN).

Potential Impacts on Livelihoods. The project's implementation mechanisms will contribute to the restoration and conservation of ecosystems and endangered species, while supporting sustainable livelihoods. The project's sponsored sustainable production practices are not expected to cause adverse effects on communities, indigenous peoples or cultural property. In the event that project activities affect the current livelihoods of certain people living in or near Protected Areas, the project would follow the procedures outlined in the present Process Framework, which are in accordance with Colombian law and consistent with the World Bank's Safeguard Policies on Involuntary Resettlement (OP 4.12), Indigenous Peoples (OD 4.20), Natural Habitats (OP 4.04), Forests (OP 4.36) and Cultural Property (OPN 11.03).

I**mpact Scenarios Considered.** Based on the preliminary conclusions of the Social Assessment described above, the project's execution would not materially affect productive activities nor living conditions of people living in PA buffer zones or collectively-owned territories owned by Afro-Colombian and/or indigenous communities. National park Management Plans include strategies for mitigating adverse situations arising from the unsustainable natural resource use in national park buffer zones. Several scenarios were analyzed and found not to be relevant to this project Process Framework, including the following:

Buffer zone inhabitants. The main potential issue is a limitation on natural resource use as a result of the implementation of national park Management Plans in surrounding buffer zones. However, the project will not impose involuntary restrictions on land use outside of PAs. On the contrary, the project will seek mutual agreements with communities supporting environmentally and economically sustainable production alternatives, where there are ample lessons learned from related UAESPNN and GEF projects. Furthermore, the project will perform capacity-building and training activities with local communities and organizations, seeking solutions to their identified restraints and issues. Finally, the project will support organizational strengthening processes, promoting the social sustainability of conservation initiatives.

Non-indigenous Peoples within Protected Areas. UAESPNN has developed differential strategies to manage settlements within PAs and its buffer zones, including procedures for working with non-indigenous peoples living within PAs and developing participatory agreements. To promote communication and coordination between local actors associated to PAs and other conservation strategies, the project will build upon committees and mechanisms established during the preparation of national park Management Plans, as well as additional local and regional conservation initiatives.

Procedures for the Consolidation of National Parks and Complementary Landscapes. Taking into account Colombian indigenous legislation[55], the National Parks Unit, through its Social Policy of

[55] Colombia has an advanced legal framework regarding indigenous rights. The Colombian Constitution recognizes indigenous territories as territorial entities and its leaders as public authorities.

Participation in Conservation has been advancing in coordination agreements for the natural resource management and developing special management regimes[56] for co-administration of overlapped protected areas with indigenous authorities. National Parks´ management plans are the result of participative management processes and incorporate existing agreements with indigenous communities that define joint working principles and schemes for natural resource management as part of wider territorial ordering and conservation strategies geared toward community well being and the conservation of the protected areas. Additionally, various consultations with indigenous and Afro Colombian communities to discuss the management plans are currently taking place, and include the key management issues to be financed by the project.

During the first two years of execution, FUNBAP and the UAESPNN will coordinate a participatory process to draw up the boundaries for selected national park surrounding landscapes in order to form enlarged conservation mosaics. Using national park Management Plans as a principal source of information, the team will draw reference from the Plans' exhaustive data on communities inhabiting in or near target areas. Additionally, Management Plans contain solid information on the main socio-economic issues facing these communities. The PIU will: (i) promote the active participation of the various social actors who are either directly or indirectly involved in the execution of the Management Plans' key management issues; (ii) seek natural resource use agreements with communities, and (iii) support the formation of local execution committees in project-related activities as well as in the implementation of key management issues selected for each National Park. These aspects are considered in the Indigenous Peoples Development Framework –IPDF (currently under preparation).

In the event that an indigenous community formally expresses its interest in participating in the project execution, and a portion or all of its *resguardo* is established as part of a conservation mosaic, the project will follow the following procedures: (i) collect a baseline assessment of the region to be part of the conservation mosaic with the collaboration and consent of the indigenous community; (ii) design, in consensus with the community, management and conservation objectives for the proposed area, and (iii) design procedures for project execution and establish cooperation agreements with other conservation mosaic stakeholders, in particular within the conservation mosaic core areas. Lessons learned from previous and ongoing UAESPNN and GEF projects related with conservation strategies in indigenous territories will be applied.

Conflict Resolution Mechanisms. National park Management Plans include a review of the potential conflicts related to natural resource use in and near project areas. The selected national parks have already developed common objectives with local communities and have designed conflict resolution mechanisms tailored to each National Park. Indeed, Management Plans themselves are the result of a collaborative process between UAESPNN and local communities. The project will apply and build upon existing mechanisms developed for the national parks and apply them, when adequate, to the enlarged conservation mosaics. The project will also strengthen existing agreements developed between national parks and buffer zone inhabitants.

Implementation Responsibilities. Depending on the specific task, the governmental responsibilities outlined above will be carried out either by the project staff or consultants. Some tasks (such as assessments and monitoring) would mostly be contracted out to qualified consultants or organizations, under close supervision by the project and by UAESPNN. For technical or other assistance to eligible persons for alternative livelihoods, the project and UAESPNN may, in many cases, coordinate with other Government agencies or qualified NGOs for the provision of these specialized services. For project execution in conservation mosaics, FUNBAP will sign agreements with relevant stakeholders (for a detailed description of implementation arrangements refer to Annex 6).

[56] Intended to harmonize management plans for the protected areas with community living plans or "Planes de Vida."

Monitoring and Evaluation. The project will monitor the progress of the specific steps noted above for Management Plans' key management issue implementation, the signing and implementation of agreements with potentially affected communities and relevant stakeholders in conservation mosaics and co-management agreements in national parks overlapping with indigenous *resguardos*. The project and the World Bank would carefully review the progress achieved during Bank missions and the Mid-term Evaluation and make any appropriate adjustments.

Annex 11: Project Preparation and Supervision

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

	Planned	Actual
PCN review	09/30/2004	04/06/2005
Initial PID to PIC	04/13/2005	05/26/2005
Initial ISDS to PIC	04/13/2005	05/26/2005
Appraisal	03/13/2006	01/26/2006
Negotiations	03/23/2006	02/10/2006
Board/RVP approval	05/18/2006	03/30/2006
Planned date of effectiveness	08/18/2006	04/18/2006
Planned date of mid-term review	02/18/2009	10/18/2008
Planned closing date	08/18/2011	10/18/2011

Key institutions responsible for preparation of the project:

Unidad Administrativa Especial de Parques Nacionales Naturales (UAESPNN)

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Juan Pablo Ruiz	Task Manager, Nat. Res. Spec.	LCSEN
Alejandra Torres	Consultant/Project Design	LCSEN
Adriana Moreira	Sr. Biodiversity Specialist	LCSEN
Stefano Pagiola	Sr. Environmental Economist	ENV
Jeannette Estupiñán	Financial Management Specialist	LCOAA
Alberto Niño	Lead Counsel	LEGEN
Juan Carlos Alvarez	Counsel	LEGLA
Natalia Gómez	Rural Development/Institutional Specialist	LCSER
José Martínez	Procurement Specialist	LCOPR
Daniel Gross	Consultant/Social Specialist	LCSEO
Ann-Jeanette Glauber	Consultant/Safeguard Policies	LCSEN
Marcus James Wishart	Young Professional	LCSEN
Luis Ducassi	Consultant/Financial Analysis	LCSEN
Luis Fernando Ríos	JPA/Financial Management	LCOAA
Simon Milward	JPA/Incremental Cost Analysis	LCSEN
Beatriz Elena Franco	Program Assistant	LCSES

Bank Funds expended to date on project preparation:

1. Bank resources: $94,099.44
2. TF054533: $350,000
3. Total: $444,099.44

Estimated Approval and Supervision costs:

1. Remaining costs to approval: $22,619.47

Estimated annual supervision cost: $80,000

Annex 12: Documents in the Project File

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

1. "Parks with the People", Social Policy of Participation in Conservation, UAESPNN
2. "Methodological Route for Management Plans", UAESPNN
3. "Strategy for Sustainable Systems for Biodiversity Conservation", Sustainable Development Project – Ecoandino.
4. "Management Plans and Strategic Plans for Action" for selected National Parks, UAESPNN
5. "Analysis of Effectiveness for Selected Parks", WWF-UAESPNN.
6. Manual de procedimientos para obras de infraestructura y arquitectura bioclimática
7. "Propuesta del Sistema de Monitoreo y Evaluación para el Proyecto GEF, articulado al Sistema de Monitoreo Impulsado por la Unidad de Parques"
8. GEF's Evaluation of Experiences with Conservation Trust Funds, 1998
9. IPG Handbook of Conservation Funds, 2000
10. Comparative Study on Conservation Trust Funds in Latin America: "Análisis jurídico de los distintos mecanismos de constitución de fondos para conservación en Colombia y América Latina" (tabla comparativa), Consorcio Guerrero&Calixto - Consultores Asociados 2005
11. "Proposal for Legal Constitution of FUNBAP: Marco Jurídico para la creación y puesta en marcha del Fondo para la Conservación de las Áreas Protegidas en Colombia", Consorcio Guerrero&Calixto - Consultores Asociados 2005.
12. Bio-climatic Architectural Manual for Facilities built within the NNPS
13. Stakeholder Consultation Process Documents for the Constitution of FUNBAP
14. Carriazo, F., Ibañez, A.M. y García, M., (2003). Valoración de los beneficios económicos provistos por el Sistema de Parques Nacionales Naturales: una aplicación del análisis de transferencia de beneficios. Fedesarrollo - Universidad de los Andes. UAESPNN - MVDT. Bogotá.
15. List of Potential Donors, prepared by UAESPNN
16. Tobón (2003) "Estrategia para el maneio del conflicto interno en el SPNN", Informe Final, Programa de Fortalecimiento Institucional, Unidad de Parques Nacionales.
17. "Estrategia integral y diferencial para el manejo de los asentamientos y usos ilícitos en áreas del Sistema de Parques Nacionales Naturales y sus áreas amortiguadoras"; Unidad de Parques Nacionales, 2004.
18. *Implementación de la estrategia financiera para el Sistema de Parques Nacionales Naturales de Colombia 2002 – 2005*. PFI - Parques Nacionales Naturales de Colombia, 2005.
19. Financial models for FUNBAP sinking and endowment accounts
20. Environmental Assessment
21. Social Assessment
22. Indigenous Peoples Assessment
23. Resettlement Assessment
24. Project Operational Manual
25. FUNBAP By-Laws

Annex 13: Statement of Loans and Credits

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

			Original Amount in US$ Millions						Difference between expected and actual disbursements	
Project ID	FY	Purpose	IBRD	IDA	SF	GEF	Cancel.	Undisb.	Orig.	Frm. Rev'd
P088857	2005	CO (CRL2) TAL to support the 2nd PSAL	2.00	0.00	0.00	0.00	0.00	2.00	0.33	0.00
P082466	2004	CO Integrated Mass Transit Systems	250.00	0.00	0.00	0.00	0.00	250.00	15.00	0.00
P051306	2004	CO 1st APL PEACE AND DEV	30.00	0.00	0.00	0.00	0.00	30.00	5.08	0.00
P077757	2004	CO: CUND/MARCA EDUCATION QUALITY IMPROVE	15.00	0.00	0.00	0.00	0.00	13.02	-1.98	0.00
P074726	2003	CO Bogota Urban Services Project	100.00	0.00	0.00	0.00	0.00	71.43	16.10	0.00
P074138	2003	CO-Higher Education - Improving Access	200.00	0.00	0.00	0.00	0.00	163.64	24.81	0.00
P041642	2002	CO PRODUCTIVE PARTNERSHIPS	32.00	0.00	0.00	0.00	10.00	14.25	-7.75	-0.70
P065937	2002	CO WATER SECTOR REF ASSISTANCE PROJECT	40.00	0.00	0.00	0.00	0.00	28.95	23.95	0.00
P057369	2002	CO Judicial Resolution Improvement Prj.	5.00	0.00	0.00	0.00	1.10	1.65	2.75	-0.78
P069964	2001	CO- Human Capital Prot.- Cash Transfers	150.00	0.00	0.00	0.00	0.00	6.66	-143.34	0.00
P063317	2001	GEF CO-HIGH ANDES	0.00	0.00	0.00	15.00	0.00	7.92	10.67	0.00
P040109	2001	CO PUBLIC FINANC. MANAGEMENT PROJECT II	35.47	0.00	0.00	0.00	0.00	24.99	-10.48	0.00
P068762	2000	CO- COMMUNITY WORKS (MANOS A LA OBRA)	100.00	0.00	0.00	0.00	66.98	4.18	71.16	1.36
P057326	2000	CO SIERRA NEVADA SUSTAINABLE DEVELOPMEN	5.00	0.00	0.00	0.00	0.00	1.21	0.94	0.00
P050578	2000	CO RURAL EDUCATION	20.00	0.00	0.00	0.00	0.00	9.52	9.52	0.00
P044140	2000	CO CARTAGENA WTR SUPPLY & SEWERAGE ENV.	85.00	0.00	0.00	0.00	0.00	53.39	52.56	0.00
		Total:	1,069.47	0.00	0.00	15.00	78.08	682.81	69.32	- 0.12

COLOMBIA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

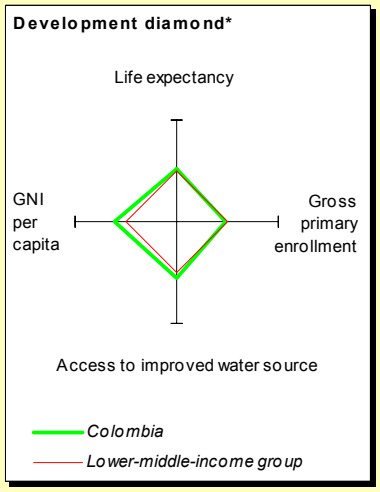
		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2003	AAA	18.24	0.00	0.00	0.00	17.70	0.00	0.00	0.00
2002	BCSC	0.00	7.00	0.00	0.00	0.00	7.00	0.00	0.00
2002	Bavaria	61.76	0.00	30.00	103.57	61.76	0.00	30.00	103.57
1988/93	CF del Valle	0.00	4.84	0.00	0.00	0.00	4.84	0.00	0.00
2001	CHMC	20.90	8.85	1.13	0.00	4.85	4.02	1.13	0.00
2004	Cartones America	22.00	0.00	0.00	0.00	19.00	0.00	0.00	0.00
2004	Carvajal S.A.	35.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00
2001	Cementos Caribe	3.04	6.37	0.00	6.48	3.04	6.37	0.00	6.48
1999	Corfinsura	25.00	0.00	25.00	0.00	0.00	0.00	25.00	0.00
2003	DAVIVIENDA I	18.48	0.00	0.00	0.00	18.48	0.00	0.00	0.00
2002	Inversura	0.00	15.00	0.00	0.00	0.00	15.00	0.00	0.00
2002	Omimex Oil	27.00	0.00	5.00	0.00	7.70	0.00	5.00	0.00
1987	PRODESAL	0.00	0.59	0.00	0.00	0.00	0.59	0.00	0.00
1977/96	Promigas	1.88	0.00	0.00	0.00	1.88	0.00	0.00	0.00
1995	Promisan	0.00	0.20	0.00	0.00	0.00	0.20	0.00	0.00
2002	Proteccion	0.00	10.00	0.00	0.00	0.00	10.00	0.00	0.00
2002	SIG	63.00	0.00	0.00	0.00	63.00	0.00	0.00	0.00
2001	Tolcemento	3.33	0.00	0.00	7.11	0.00	0.00	0.00	0.00
	Total portfilio:	299.63	52.85	76.13	117.16	197.41	48.02	61.13	110.05

		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic.
2004	Bancafe	0.00	0.02	0.00	0.00
2001	CHMC	0.00	0.02	0.00	0.00
2001	CHMC - NPL	0.00	0.00	0.00	0.00
2004	Carvajal S.A.	0.00	0.00	0.02	0.00
2005	Colpatria Tier 2	0.02	0.02	0.00	0.00
2003	DAVIVIENDA I	0.00	0.00	0.01	0.00
	Total pending committment:	0.02	0.06	0.03	0.00

Annex 14: Country at a Glance

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

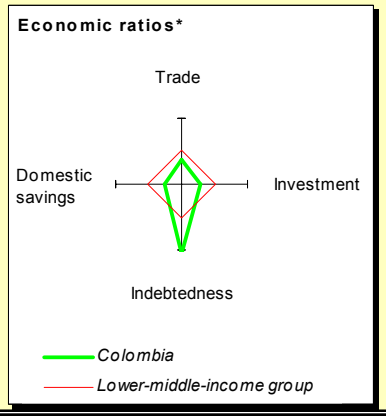
POVERTY and SOCIAL	Colombia	Latin America & Carib.	Lower-middle-income
2003			
Population, mid-year *(millions)*	44.4	534	2,655
GNI per capita *(Atlas method, US$)*	1,810	3,260	1,480
GNI *(Atlas method, US$ billions)*	80.4	1,741	3,934
Average annual growth, 1997-03			
Population *(%)*	1.7	1.5	0.9
Labor force *(%)*	2.6	2.1	1.2
Most recent estimate (latest year available, 1997-03)			
Poverty *(% of population below national poverty line)*	64	..	..
Urban population *(% of total population)*	76	77	50
Life expectancy at birth *(years)*	72	71	69
Infant mortality *(per 1,000 live births)*	19	28	32
Child malnutrition *(% of children under 5)*	7	..	11
Access to an improved water source *(% of population)*	91	86	81
Illiteracy *(% of population age 15+)*	8	11	10
Gross primary enrollment *(% of school-age population)*	110	129	112
Male	110	131	113
Female	109	126	111



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

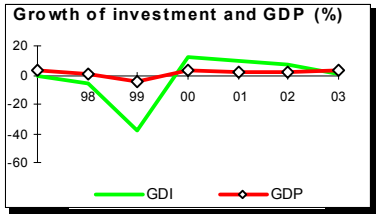
	1983	1993	2002	2003
GDP *(US$ billions)*	38.7	55.8	80.6	77.6
Gross domestic investment/GDP	19.9	21.3	15.2	15.9
Exports of goods and services/GDP	10.4	16.4	19.7	23.2
Gross domestic savings/GDP	17.1	19.0	13.7	14.4
Gross national savings/GDP	14.0	17.9	13.2	13.5
Current account balance/GDP	-8.4	-4.0	-2.0	-2.2
Interest payments/GDP	1.6	2.0	2.6	2.7
Total debt/GDP	29.5	33.9	41.4	42.8
Total debt service/exports	36.4	33.8	44.4	48.9
Present value of debt/GDP	..	..	44.9	..
Present value of debt/exports	..	..	235.0	..

	1983-93	1993-03	2002	2003	2003-07
(average annual growth)					
GDP	4.3	1.6	1.6	3.7	3.6
GDP per capita	2.2	-0.2	0.0	2.2	2.1

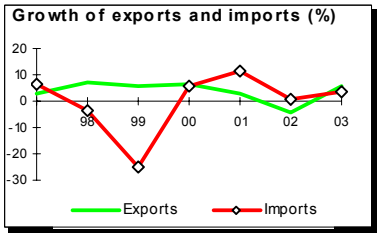


STRUCTURE of the ECONOMY

	1983	1993	2002	2003
(% of GDP)				
Agriculture	19.2	13.9	13.9	14.0
Industry	32.3	36.0	30.2	30.6
Manufacturing	21.5	20.5	15.6	15.9
Services	48.5	50.1	55.9	55.4
Private consumption	71.9	71.0	65.4	71.2
General government consumption	11.0	10.1	20.8	14.4
Imports of goods and services	13.2	18.8	21.2	24.7

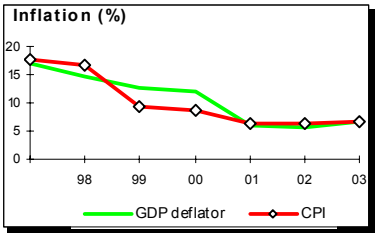


	1983-93	1993-03	2002	2003
(average annual growth)				
Agriculture	3.5	-0.2	0.6	3.1
Industry	4.6	0.4	1.7	3.4
Manufacturing	4.0	-0.5	1.1	4.4
Services	4.0	2.6	1.9	1.4
Private consumption	4.1	0.8	2.2	6.5
General government consumption	4.6	7.3	0.6	-3.8
Gross domestic investment	2.6	-4.3	7.2	0.8
Imports of goods and services	6.9	0.1	0.6	3.3



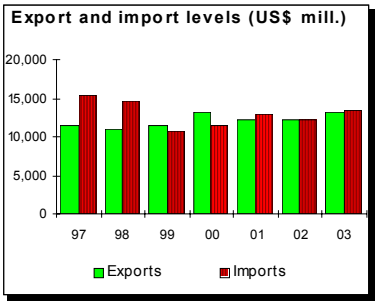
PRICES and GOVERNMENT FINANCE

	1983	1993	2002	2003
Domestic prices				
(% change)				
Consumer prices	20.0	22.6	6.5	6.6
Implicit GDP deflator	20.4	28.0	5.7	6.6
Government finance				
(% of GDP, includes current grants)				
Current revenue	..	14.8	13.6	..
Current budget balance	..	2.9	-4.9	..
Overall surplus/deficit	..	-0.5	-5.6	..



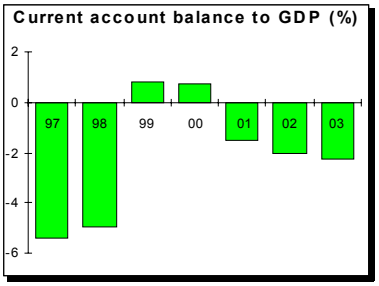
TRADE

	1983	1993	2002	2003
(US$ millions)				
Total exports (fob)	3,258	7,428	12,302	13,213
Coffee	1,506	1,140	798	..
Petroleum	435	1,323	3,384	..
Manufactures	655	2,492	5,118	6,343
Total imports (cif)	4,968	9,831	12,077	13,370
Food	278	677	1,476	..
Fuel and energy	642	362	119	..
Capital goods	1,896	3,836	3,911	3,024
Export price index *(1995=100)*	11	61	242	260
Import price index *(1995=100)*	10	77	259	278
Terms of trade *(1995=100)*	112	79	93	93



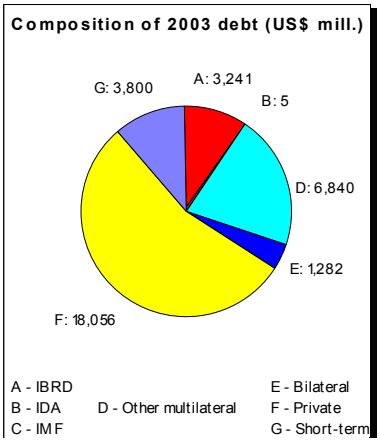
BALANCE of PAYMENTS

	1983	1993	2002	2003
(US$ millions)				
Exports of goods and services	4,050	9,961	14,160	16,028
Imports of goods and services	6,122	11,624	15,392	17,077
Resource balance	-2,072	-1,663	-1,233	-1,048
Net income	-1,378	-1,694	-2,812	-3,036
Net current transfers	183	1,138	2,406	2,356
Current account balance	-3,267	-2,219	-1,639	-1,729
Financing items (net)	3,131	2,372	1,500	1,477
Changes in net reserves	136	-153	138	252
Memo:				
Reserves including gold *(US$ millions)*	..	..	10,844	10,586
Conversion rate *(DEC, local/US$)*	78.9	786.7	2,504.2	2,877.7



EXTERNAL DEBT and RESOURCE FLOWS

	1983	1993	2002	2003
(US$ millions)				
Total debt outstanding and disbursed	11,413	18,942	33,342	33,224
IBRD	1,511	2,969	2,349	3,241
IDA	19	12	6	5
Total debt service	1,600	3,707	6,847	8,428
IBRD	234	838	346	357
IDA	1	1	1	1
Composition of net resource flows				
Official grants	11	76	94	..
Official creditors	515	-311	20	2,052
Private creditors	535	989	-1,319	-2,880
Foreign direct investment	618	959	2,023	..
Portfolio equity	0	0	17	..
World Bank program				
Commitments	63	400	187	1,115
Disbursements	291	301	480	987
Principal repayments	123	596	232	212



Annex 15: Incremental Cost Analysis

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

The **Project Development Objective** is to support the development of the NPAS by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP).

The G**lobal Development Objective** is to arrest and reverse trends of biodiversity loss in Colombia's globally important ecosystems, generating global benefits related to the sustainable use of biodiversity and carbon sequestration. The project will support the conservation of globally important biodiversity by developing and consolidating a National Protected Areas System, integrating a wide range of effectively managed Protected Areas and environmental planning processes. The project will rely on participatory mechanisms and inter-institutional coordination in order to attain land and resource use agreements that support a sustainable human development model.

The project will comprise three components:

1: Capitalization of Endowment and Consolidation of FUNBAP (Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas);
2: Support to consolidated management of fourteen conservation mosaics; and
3: Project Management and Institutional Coordination.

The principal outcomes expected for each of these components are:

1: FUNBAP established and effectively channeling resources to the National Protected Areas System (NPAS), and Endowment adequately capitalized;
2: Conservation practices and protected area management strategies developed/tested and local capacity improved to support biodiversity conservation and sustainable use in selected areas; and
3: Improved institutional capacity to support the consolidation of the National Protected Areas System (NPAS), to monitor project implementation impacts and to disseminate lessons learned.

The GEF Alternative will achieve these objectives at a total **incremental cost** of $US 35 276 873 of which $US 15 million is being requested from the GEF to provide funding to support global benefits and $US 20 276 873 would come from both governmental and private sector sources.

In addition to this, a projected further incremental investment of $US 7 807 000 is expected to have been leveraged by the endowment fund the end of the first five years after the project has been completed (see below for explanation).

Context and Broad Development Goals

Colombia is one of the world's five most biodiversity rich countries containing almost 15% of all known terrestrial species in eighteen ecological regions and 65 ecosystem types, all an area of less that 0.8% of the world's surface. The country contains more bird and amphibian species than any other country and one of the highest numbers of vascular plant and vertebrate species. Protected areas and indigenous reserves represent 34% of Colombia's national territory and they possess some of the highest levels of biodiversity in the world.

The core of Colombia's protected area system is comprised of 51 government-administered national parks. In addition to this, 34 Regional Autonomous Corporations (CARs) have the authority to define and manage protected areas and areas of productive use outside these national parks. In many cases, but not all, these

CAR-managed areas surround the national parks and act as buffer zones. However, management by the CARs is undertaken in almost complete isolation to that undertaken by the government in the national parks. Budgets and management structures are separate and no coordinated mechanisms exist even for passing information between adjacent areas. In addition, there is very little baseline funding for these protected areas which means that the biodiversity in Colombia's protected areas is disappearing at a very high rate.

In the absence of this project, a loss of biodiversity and loss of opportunities for carbon sequestration would continue as usual. In particular, under the baseline scenario no improvements in management or significant increases in funding are likely to occur meaning that global benefits continue not to be realized.

This project would counter both of these threats by providing increased, secure and sustained funding through an endowment fund and by integrating management of the various systems to improve efficiency. These improvements would be sustainable and would leverage continued investment in Colombia's Protected Areas by enabling future investments: to be made simply; to be targeted to specific key activities; and to provide sustainable benefits.

It also will help to build up the knowledge bank of best practice for such activities so that more such trust funds can be replicated in other countries in the future.

These objectives support both the policy of the Colombian government and of the World Bank. In particular, in 1997 the government adopted the Policy for the Creation and Consolidation of a Protected Areas System and includes achieving such consolidation as an objective in its National Development Plan (2003-2006). In addition, FUNBAP (the endowment fund) is mentioned in the World Bank's Country Assistance Strategy as the principal financing vehicle for the consolidation of the National Protected Areas System.

The Baseline Scenario

Under the baseline scenario, no sustainable source of funding for conservation of Colombia's protected areas would be implemented and there would be no integrated approach to a landscape based conservation strategy (concept of "conservation mosaic") for neighboring areas of high biodiversity value.

Under the baseline, no trust funds exist in Colombia upon which this project could build and the costs related to capitalizing this endowment fund will be incremental. In particular, the money that is used to create this endowment fund will not come from funding that would otherwise be earmarked for other conservation activities. (For instance the debt swap with the US government that forms the TFCA donation would, in the absence of this project, be used to fund social activities and drug production erradication efforts.)

Although the endowment fund will be fully functioning by the end of the project, it will only be possible to appreciate the full global benefits of the project in the years following its completion when it has leveraged further capitalization investments. For this reason, the following analysis estimates the amounts that will be pledged up until 2016 (up to five years after the end of the project). These estimates come from detailed discussions with various funders. Baseline costs that would normally be spent on these activities are then calculated based on the estimations of what the alternative scenario will achieve.

In order to make this clear in the analysis below, the baseline costs are presented separately for activities funded during the project and activities that are expected to be funded during the five years after the project's completion. In order to highlight the tentative nature of the predictions for the latter baseline costs, these are given in italics.

The second component of this project would conduct pilot projects to develop integrated management of 9 protected area mosaics and 5 corridors together containing 19 national parks. These pilot projects would also develop a methodology for producing further integrated management systems for protected areas throughout Colombia. By the end of the project, the integrated management plans developed would begin to be funded through the endowment fund created by the first component.

Under the baseline scenario, there is no money currently going towards integrating management of national parks and surrounding areas and without the GEF alternative, the global environmental benefits of improved management would not occur. There are, however, currently baseline costs associated with the disparate park management activities currently being undertaken. These come from: government funding of core national parks; revenues from the core national parks; very minor amounts from the CARs (Regional Autonomous Corporations) that manage the surrounding protected areas and productive use zones; and external donors. Detailed baseline costs for these 14 areas containing a total of 19 national parks are given in the following section. This baseline funding would still occur in the alternative scenario, under which it would be used far more effectively and produce far greater global benefits than it does currently.

The third component of the project is management and coordination which in particular would monitor Project impacts and ensure dissemination of lessons learned for the benefit of Colombia's nationwide protected area system and of further conservation activities globally. Many of these activities (such as creating management committees led by CARs) have no baseline costs associated with them. However, some build on activities that have already or are taking place, including current monitoring activities in the national parks and dissemination activities carried out by other projects. Detailed costs of these baseline activities are given in the following section.

It is important to stress that this project would not replace any planned baseline funding and in particular, an essential part of the project would be an agreement with the government to maintain all funding to the national parks that it would have been given under the baseline scenario.

The Scope and Benefits of the GEF Alternative Scenario

Under this project, the alternative scenario would vastly improve management of Colombia's protected area systems by ensuring improved integrated management of conservation mosaics and increased and sustainable funding. In addition, it would benefit from, and contribute to further global biodiversity conservation, by becoming part of the network of WB financed GEF protected area trust funds. In particular, the project would produce integrated management plans for areas surrounding 19 of Colombia's 51 national parks and would create an endowment fund that, by the end of the project would be funding integrated management of protected area mosaics and be attracting continued, sustainable, investment in the future. It would do this without diverting any baseline funding from current activities.

The first component would capitalize an endowment fund administered by FUNBAP (Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas) using purely incremental funds. By the end of the project, this fund would contain a least $15 million in capital (US$ 7.5 million from the GEF, US 5 million from the TFCA and US$2.5 million from further donors), would be financing integrated management practices in at least three parks and would be ready to receive further capitalization, particularly from debt swaps. Table 1 below gives a very conservative estimate of the further capitalization that would be expected from debt swaps. This table only includes those where discussions are most advanced and even these are only estimated as having 25% probability of happening. In these cases, the first two years of debt swap resources are not counted due to the time needed to undertake negotiations.

All this funding would be incremental as Colombia has no past history of debt swaps being used to fund public PAs and currently has no capacity or plans to use debt swaps to fund conservation activities. However, as it is not a formal deliverable of the project and will bring most of its benefits only after the project has finished, the incremental costs associated with this are presented separately in the following analysis and their tentative nature is signaled by presenting them in italics.

Table 1. Expected Capitalization of the FUNBAP Endowment Account

Year	Guaranteed investment from this project / $US million	Expected Investment from debt swaps / $US million*	Total investment from both the project and debt swaps / $US million*	Minimum estimate of interest generated (GEF + Other)* / $US million	Total number of mosaics / National-Parks-within-corridors that were piloted in component 2 and are now able to be funded by FUNBAP**
2006	5.45	-	5,45		
2007	1,82	-	7,27		
2008	1,82	*0,43*	9,52		
2009	2.91	*3,21*	15.64	0,52	3,00
2010	3,00		18.64	0,86	4,00
2011		*1,67*	20,31	1.03	12,00
2012			20,31	1.12	13,00
2013			20,31	1.12	13,00
2014			20,31	1.12	13,00
2015			20,31	1.12	13,00
2016		*2,50*	22,81	1.12	13,00
Total	**15,00**	***7,81***	**22,81**	**5,44**	

* Italics indicates that estimations are not formal project deliverables.

** The total number of mosaics that could have their recurrent integrated management costs sustainably supported *after the project has finished* is calculated using the estimate of $US 85 605 per conservation mosaic in a managed corridor per year. Interest from the trust fund is estimated to be around 5.5%.

The second component of this project would develop methods of funding integrated management of protected area mosaics in order to: improve conservation in these areas immediately; lay the groundwork for FUNBAP to fund the integrated management of these areas in the future, and to serve as a model for future management of further areas. The component will do this by conducting pilot projects to integrate the management systems of national parks and adjacent protected areas for 9 mosaics each containing one national park and 5 corridors containing a total of 10 national parks. This would feed into the first component by demonstrating how the endowment fund would be used in the future and, by the end of the project, at least 3 areas would have their management funded by the endowment fund along the lines developed in this component. The costs of activities directed by this would be paid partly by incremental funding and partly by baseline funding that would have been used to manage these areas in the absence of this project. These baseline costs will not change due to this element but they will be used more effectively through integrating the activities they fund with those activities being funded in adjacent areas. Details of the incremental costs associated with this component appear below in the section entitled “Incremental Costs and Benefits of the GEF Alternative Scenario”.

The third component of the project is management and coordination and the incremental costs of this would fund institutional strengthening, project monitoring and dissemination of lessons learned for the benefit of this project and further conservation activities globally. The following section gives details of the incremental funding for this.

This alternative scenario would therefore revolutionize funding of conservation in Colombia, leveraging significant further investment both during the project and in the future and making more effective investment that is already occurring. The global benefits that would occur because of this would include significant and sustainable reductions in the current losses of biodiversity in Colombia increases in carbon sequestration and reductions of atmospheric emissions.

Costs and Benefits of the Baseline Scenario

The disaggregated costs and benefits of activities that have been contributing, and will contribute in the future, to the baseline scenario are given below.

Component 1: Capitalization of Endowment and Consolidation of FUNBAP (Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas).

Under the baseline scenario, FUNBAP will benefit from baseline funding that would otherwise be used to directly fund conservation activities. From study of data over the last five years, best estimates for baseline amounts that, in the absence of this project would be spent on a typical national park and surrounding protected areas each year are:

	$US 78 094 by the government / National-Park . year
	$US 3 017 from revenue generated / National-Park. year
	$US 3 780 from the CAR / Surrounding-areas. year
	$US 20 301 from donor funding / National Park-and-surrounding-areas. year
Total	$US 105 193 / National-Park-and-surrounding-areas. year

As explained in the previous and following sections, during the life of the project, the endowment fund would fund at least 4 National-Parks-and-surrounding-areas . years[57] of integrated management. The baseline costs associated with this would be **$US 420 772**.

*During the five years after the end of the project, further incremental investment in the fund is predicted to contribute to the management of a further 64 National-Parks-and-surrounding-areas . years of integrated management (see the previous and following sections). The baseline costs for this would be **US$ 5 478 720**.*

Total baseline costs of park management that this project would affect are therefore:
US$ 420 772 during the life of the project.

***US$ 5 478 720** in the first five years after the project has finished.*

Component II: Support to consolidated management of 14 Conservation Mosaics

$US 7 068 297 would be spent by the government in 19 project national parks.
$US 286 115 would be spent from self-generated revenues in 19 project national parks.
$US 359 119 would be spent from CARs the areas surrounding the 19 national parks.
$US 851 286 would be spent by Donors in the 19 national parks and their surrounding areas.

The total baseline cost of the disparate management activities that will go towards managing the 9 conservation mosaics and 5 corridors covered by this component would therefore be **US$** 8 564 819

[57] The units "National-Parks-and-surrounding-areas . years" refer to the amount of money needed to manage one national park and its surrounding areas for one year.

Component III: Project management and Institutional Coordination

The baseline costs of activities that this component would build on are:

US$ 130 383 will be spent by the government on NPAS coordination activities, M&E and dissemination for the 19 national parks.
US$ 754 927 will be spent by donors on coordination and dissemination activities in project areas.

The total baseline cost of the activities that would contribute to project management and coordination would therefore be **$US 885 311**.

Incremental Costs and Benefits of the GEF Alternative Scenario

Component 1: Capitalization of Endowment and Consolidation of FUNBAP (Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas).

During the lifetime of the project the guaranteed incremental costs will be:
US$ 7.5 million from the GEF to capitalize the trust fund.
US$ 5 million from the TFCA to capitalize the trust fund.
US$ 2.5 million from other donors.

In addition, incremental costs for setting up the fund will be US$ 546 802, funded by the GEF and US$ 364 697 funded by investment yields from the endowment account.

The total incremental costs of setting up and capitalizing the fund are therefore
US$ 15 911 499.

This funding is entirely incremental and during the project will sustainably fund at least
4 National-Parks-and-surrounding-areas . years of integrated management activities.

As explained above in "the scope and benefits of the GEF alternative scenario", the main global benefits provided by the endowment fund will be achieved after the project has been completed and are expected to benefit considerably from further incremental investments. However, these costs are not formal project deliverables and are therefore indicated as tentative and are presented in italics throughout this analysis. From data presented in table 1 above, expected additional incremental investments made in FUNBAP are ***US$ 7.81 million*** *by 2016.*

The additional benefits that are expected to have achieved by the fund by 2016 are at least ***47 National-Parks-and-surrounding-areas . years*** *of integrated conservation activities.*

Component II: Support to consolidated management of 9 conservation mosaics and 5 conservation corridors

US$ 5.1 million would be spent by the GEF on management of the 9 individual national parks and their surrounding areas. This will be beyond the baseline costs mentioned in the previous section, which will still continue to be spent on these areas.

US$ 3.8 million would be spent by TFCA (Tropical Forest Conservation Act – a debt swap between US and Colombian government that in the absence of this project would be spent on social activities) on

management of the 5 corridors surrounding the 10 national parks. This will be beyond the baseline costs mentioned in the previous section, which will still be spent on these areas.

US$ 4.5 million will be spent by CARs on improved management in fourteen conservation mosaics. This will be beyond the baseline costs mentioned in the previous section.

US$ 2.8 million of funding will be provided by international donors on management of the 9 national parks and their surrounding areas and the 5 corridors. This will be beyond the baseline costs mentioned in the previous section.

The total incremental costs spent on this component will therefore be **$US 16 211 132**.

Component III: Project management and coordination

The incremental costs spent on this component of the project will be $US 1.75 million by the GEF and $US 634 399 by the International Donations.

Total incremental cost for this component is therefore **$US 2 303 823 million**.

Incremental Costs

The total incremental cost – the amount beyond the baseline that would be guaranteed to be spent under the GEF alternative - would be US$ 34 633 454 during the life of the project of which US$ 15 million would be financed by the GEF. By the time the project ends, the guaranteed funding would have FUNBAP implementing improved management practices and would already have led to improved, integrated management practices being developed in nine national parks and their surrounding areas and the 5 conservation corridors containing a total of 19 national parks.

In addition to this guaranteed funding, US$ 7.81 million of further leveraged investment in the FUNBAP endowment fund would be expected by 2016. It is calculated that this will enable FUNBAP, by 2016, to have begun funding the integrated management of 13 of the areas that have been piloted under this project.

The matrix below summarizes the baseline and incremental costs over the project's five year period and in italics also gives the projected incremental costs and their associated baseline costs of further investment in the endowment fund for up to 5 years after the project has been completed.

	Cost Category	US$ Million	Domestic Benefit	Global Benefit
Component I Capitalization of Endowment and Consolidation of FUNBAP				
	Baseline	$US 420 772 for activities funded by the project during its implementation *An additional $US 5 478 720 for activities that would be funded within the first five years after completion of the project through leveraged investments in the endowment fund.*	No trust fund supplying sustainable funding. Limited domestic benefits coming from current protected areas.	Continued loss of biodiversity and carbon sinks linked to uncoordinated, under funded management of protected area systems. Very limited global benefits.

	With GEF Alternative	US$ 16 028 071 spent within the lifetime of the project on conservation in areas which will be affected by this component. *$US 13 285 720 of additional funds within 5 years after the project.*	Domestic benefits from increased conservation including particularly increased provision of environmental services.	By the end of the project: Endowment fund of $15 million ready to receive further donations and funding improved management of at least 3 Protected Area complexes. By 5 years after project completion Endowment fund capitalized with at least $US 22.8 million and paying for consolidation of management of protected area complexes surrounding at least 10 of Colombia's 50 national parks. Global benefits linked to this vastly improved management of protected area systems come from particularly from conservation of globally significant biodiversity and carbon sequestration.
	Incremental	**US$ 15 607 299 by end of project** to set up and capitalize endowment fund which will then fund PA management and direct the use of the baseline costs given above. ***Projected additional US$ 7 807 000 leveraged by 2016*** *which will then fund PA management and direct the use of the baseline costs given above.*		
Component 2 Support to consolidated management of 9 National parks and adjacent managed areas and 5 conservation corridors				
	Baseline	$US 8 564 819	Limited benefits coming from these 9 protected area complexes and 5 corridors	Inadequate management plans and coordination and funds to carry out plans leading to minimal consolidation of "core" areas, unsustainable activities in buffer zones. Continued loss of biodiversity and carbon sinks linked to uncoordinated, under funded systems surrounding these nine national parks and in these 5 corridors. Very limited global benefits.
	With GEF Alternative	$US 24 775 951	Domestic benefits from increased conservation including particularly increased provision of environmental services.	Consolidated management of 10 national parks and their protected areas ready to be funded by the endowment fund. Global benefits linked to this vastly improved management of protected area systems come from particularly from conservation of globally significant biodiversity and carbon sequestration.
	Incremental	**$US 16 211 132**		

Component 3 Project Management and Institutional Coordination				
	Baseline	$US 885 311	Few domestic benefits	Very limited global benefits through transfer of information and lessons learned mainly aimed at specific areas of Colombia's Protected area system.
	With GEF Alternative	$US 3 189 134	Domestic benefits from increased conservation including particularly increased provision of environmental services.	Increased dissemination capacity leading to improvements in conservation throughout Colombia and contributing to similar schemes in other countries. Global benefits linked to this vastly improved management of protected area systems come from particularly from conservation of globally significant biodiversity and carbon sequestration.
	Incremental	**$US 2 307 823**		
	Total Baseline: $US 9 870 901 (*and an additional $US 5 478 720 spent on activities expected to be funded by leveraged investments made in the first five years after the project has been completed*)			
	Total GEF Alternative: $US 43 997 155 (*and an additional $US 13 285 720 within the five years after the project has finished*)			
	Total Incremental Costs: $US 34 126 254 of which $US 15 million will come from the GEF (*and an additional $US 7 807 000 is expected from leveraged investment within the five years after the project has finished*)			

Annex 16: STAP Roster Review

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

STAP REVIEW OF THE

COLOMBIAN NATIONAL PROTECTED AREAS CONSERVATION TRUST FUND PROJECT

prepared by

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1. Assessment of the scientific and technical soundness of the project.

The project is well structured and the contents of its three components are consistent with its objective: To support the consolidation of the Colombian National Protected Areas System by launching a Protected Areas Conservation Trust Fund (*Fundación Fondo de Apoyo a la Biodiversidad y las Áreas Protegidas, or FUNBAP)*.

From a conceptual point of view the project follows current conservation biology and ecosystem knowledge and principles. The ecosystem approach proposed, considering fourteen conservation mosaics formed by protected areas of appropriate size and shape as core zone, with connectivity to other territories to ensure adaptive potential to change, migration, and dispersal, all included within a greater system, social and community participation, is a coherent strategy for in "situ" conservation of biological diversity.

On the social side, it reflects current research and practice guidelines in terms of shifting to decentralized approaches in planning and managing protected areas, including participatory mechanisms with local communities.

2. Identification of the global benefits of the project.

The conservation of the rich biological diversity content in Colombia is a task of great priority, recognized by many interested organizations and groups. In this context, the global benefits of the project are clear and well presented.

The fourteen conservation mosaics proposed encompass areas of highly valued biological diversity. Therefore, the project is an important experiment in the design, test and application of current conservation theory and practice.

1. Evaluation of the project compliance with GEF objectives, operational strategy and guidance in biodiversity focal areas

The proposed project coincides with the GEF Operational Strategy objectives relating to the conservation and sustainable use of biological diversity, resources under threat and endemic species for the following important reasons:

- It strengthens the participation of local communities in the conservation of biological diversity and its components.

- It offers a means to conserve biological diversity as well as to make a sustainable use of its components and can serve as example for other cases in South America.

- It is aimed at achieving the conservation of biological diversity and the sustainable use of its components with the integration of social and cultural groups, many of them affected by poverty.

In addition to this, the project is consistent with the operational programs Nº 2 Coastal, Marine, and Freshwater Ecosystems, N° 3 Forest Ecosystems, and N° 4 Mountain Ecosystems.

The project supports the objective of Strategic Priority (SP) 1 *Catalyzing Sustainability of Protected Areas* because:

- It will establish a long-term financing mechanism for key protected areas in Colombia.

- It will test and develop new protected area management strategies and conservation practices in fourteen conservation mosaics, encompassing national parks, buffer zones and surrounding landscapes.

4. Assessment of the project's significance and potential benefits.

The project proposes to extend the conservation of biological diversity to territories of Colombia that will be added to the area under protection currently covered by protected areas. This is significant, since this approach could be an effective way to expand the conservation of biological diversity in Colombia.

The potential benefits of the project, therefore, are based on the addition of territories to the area currently covered by protected areas, thus enlarging the biological diversity conservation area in Colombia.

In addition to this, the project has a clear focus on poverty reduction and achieving more sustainable livelihoods.

5. Potential replicability of the project to other sites

The fourteen conservation mosaics are similar to other sites of Colombia and neighboring countries. This way, with project's success, the global benefits could expand to territories beyond the conservation mosaics through demonstration and replicability.

This is particularly important, considering the fact that protected areas in South America are facing the most common threats to the conservation of biological diversity:

- Lack of social support, mainly from local communities that do not see any reason to participate in biodiversity conservation and protected areas management

- Lack of governmental financial support to properly manage protected areas.

6. Estimation of the project's sustainability in institutional, financial and technical terms

The description of the project allows me to assume that it will be financially and technically sustainable for the following reasons:

- The project plans to extend over a reasonable period, allowing for meaningful monitoring and evaluation and adaptive management.

- Plans include self-finance mechanisms for protected areas, as well as for community-managed buffer zones and sustainable development programs carried out at the village level.

- It proposes to develop mechanisms to capture rents obtained from the natural resources and ways to distribute them so as to generate stewardship among local communities.

- It has the engagement of national, regional, and local government, NGO's, and local communities.

- The sources of support are diverse, suggesting a broad-based involvement of donors and technical assistance groups.

7. Extent to which the project will contribute to the improved definition and implementation of the GEF strategies and policies.

The project is an interesting experience in the search of non traditional alternatives to achieve the conservation of biological diversity in South America. The conservation of biological diversity beyond formal protected areas is an innovative strategy in the implementation of the GEF policies.

The lessons learned from this project will certainly have important implications for other GEF supported projects. The analysis, synthesis and sharing of the lessons learned will be an important outcome from this project.

8. Linkages to other focal areas

The proposed project is also linked with the operational program N° 12 Integrated Management Ecosystems. It is also in accordance with the recommendations established in the technical publication ***Conservation of the Terrestrial Ecoregions of Latin America and the Caribbean*** (1995), which identifies the ecological regions where the project will be developed as being of high priority for conservation.

It also coincides with the policies, strategies and programmatic priorities established by the Convention on Biological Diversity (Art. 8.)

9. Degree of involvement of relevant stakeholders in the project

The project proposes an active participation of indigenous and non indigenous grassroots organizations that will implement the activities. It provides adequate opportunities for the engagement of indigenous and non indigenous communities and local authorities.

Arrangements are proposed for collaborative work in protected areas planning, buffer zone management, and in support to those populations living within the conservation mosaics (Greater Ecosystem).

Mechanisms are proposed for coordination among different types of management regime and responsible agencies. There are also mechanisms for conflict resolution and communication that appear to be adequate.

10. Role, potential and importance of capacity building elements and innovativeness of the project

The project presents an innovative strategy to build the capacity of indigenous and non indigenous communities to exchange experiences and to share work standards prepared with a strong cultural base. This is an interesting element of the project, since up to now the exchange of experiences and strategies in terms of resource management has taken place only in the formal national systems of protected areas.

The innovativeness of the project can be summarized as follows:

- It incorporates local communities not as co-managers but as actual managers of resources.

- It expands the society of people and groups taking responsibility and accepting to exercise authority over biodiversity conservation at the entire landscape scale, establishing then a management capacity consistent with the concept of the ecosystem approach.

- It employs the concepts and tools from conservation biology and landscape ecology.

- It shifts the balance of funding away from exclusively public sector to a mix of sources.

- It provides an internal feedback so that the training process benefits from lessons learned during the project's duration.

11. Specific Comments:

- Monitoring and evaluation.

During implementation, the monitoring and evaluation scheme of the project might be separated in two areas: the managerial activities of the project and the progress in the conservation and sustainable use of the components of biological diversity in the conservation mosaics. This means that the monitoring mechanisms and their respective indicators should be different.

As an example, the monitoring and evaluation of biodiversity conservation progress might be based on the following general indicators:

(a) Stabilization or improvement of demographic status of key bio- indicators specific to each conservation mosaic.

(b) Reduction in adverse impacts of resource use (e.g. grazing, forest products, etc.) on the biological diversity of the conservation mosaics.

This evaluation scheme seems appropriate to measure the progress in the implementation of the project on the ground. To take advantage of this approach, it could be useful to prepare and implement specific and simple monitoring and evaluation mechanisms in order to know when and what to measure, and to guarantee a systematic data collection.

- Training

It is important to recommend that there be a section on training that should cover issues dealing with monitoring and evaluation, both to learn about the managerial performance of the project as well as to measure the progress in the conservation and sustainable use of biological diversity components.

12. Final comments:

This is an excellent project, and I strongly recommend its support.

JUAN PABLO RUIZ
TASK TEAM LEADER

RESPONSE TO STAP EXPERT COMMENTS

Monitoring and evaluation

We agree with the STAP Reviewer about the need to have a monitoring and evaluation scheme for the project during the implementation that might be separated in two areas: the managerial activities of the project and the progress in the conservation and sustainable use of biodiversity for the conservation mosaic component. To do it, we must have a strong Base line assessment.

To measure progress in the conservation and sustainable use of biodiversity for the conservation mosaic component, we already have a solid baseline assessment of the national parks selected for the project, contained in their respective management Plans and complemented by the WWF Tracking Tool for Management Effectiveness, which has been undertaken in over half of the project's Parks. However, a solid baseline assessment of the surrounding areas that are part of the conservation mosaics will be needed during the first year and follow-up years of the project.

With respect to FUNBAP and the project managerial activities, the baseline assessment must take into account the establishment of comparable funds and recent financial market performance. Experience and lessons gained in past and on going operations will help us in the preparation of a solid assessment.

In addition to setting up a conservation TF, which goes beyond contributing to financial sustainability. The result framework and the M&E system should include indicators related to other benefits, among them: governance, coordination of partners, more transparent and efficient priority setting, and reporting.

The project's Monitoring and Evaluation (M&E) System to be designed before appraisal, will track progress in both areas (biodiversity conservation and sustainable use, as managerial activities of the project).

Training

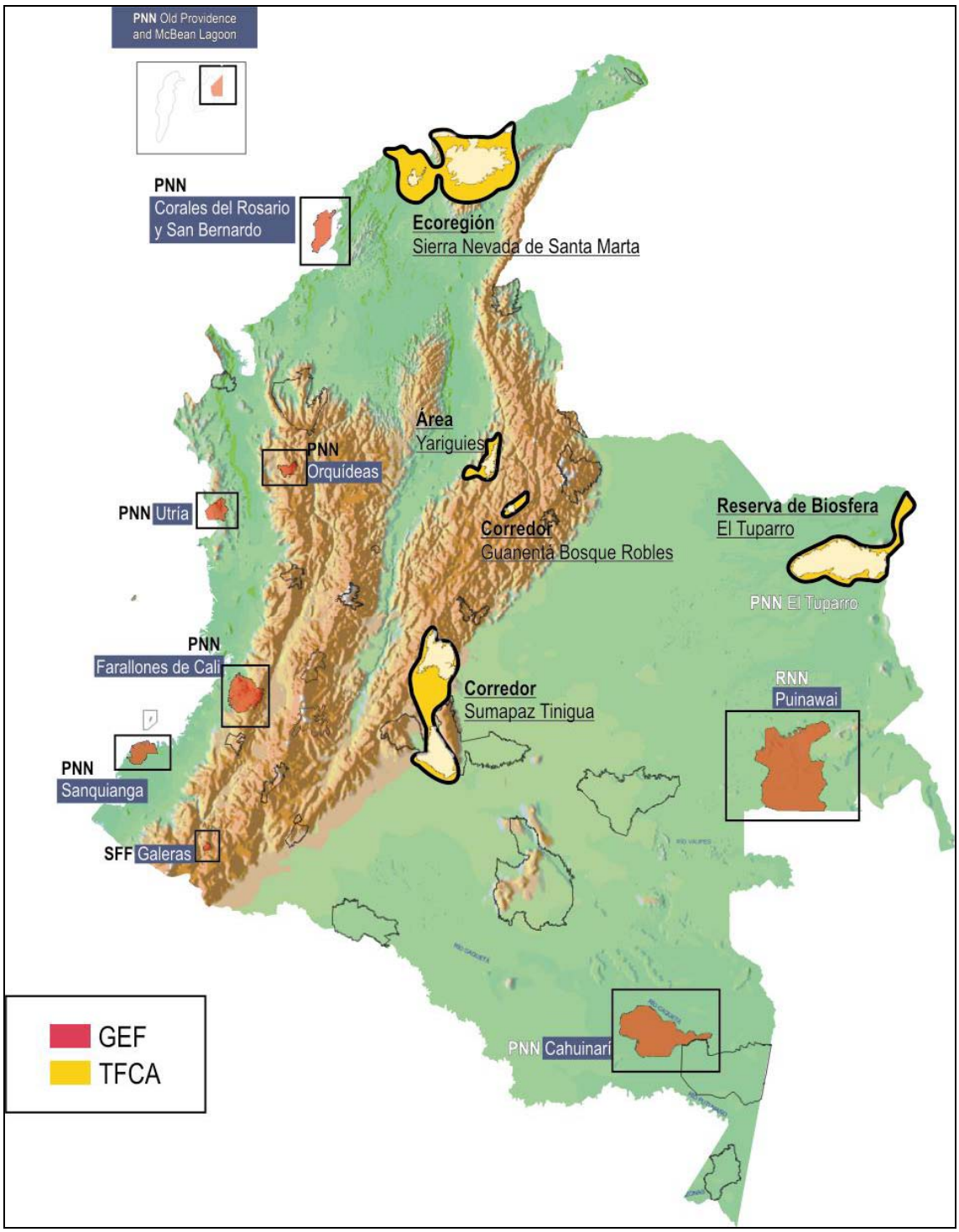
Regarding this aspect of the project, and following the STAP Reviewer's comment, we plan to include this activity as part of Component 3 in the activity mentioned as "project results and lessons learned disseminated to key stakeholders" which should include a section on M & E. The dissemination of M&E will be very useful for replication purposes in other conservation mosaics.

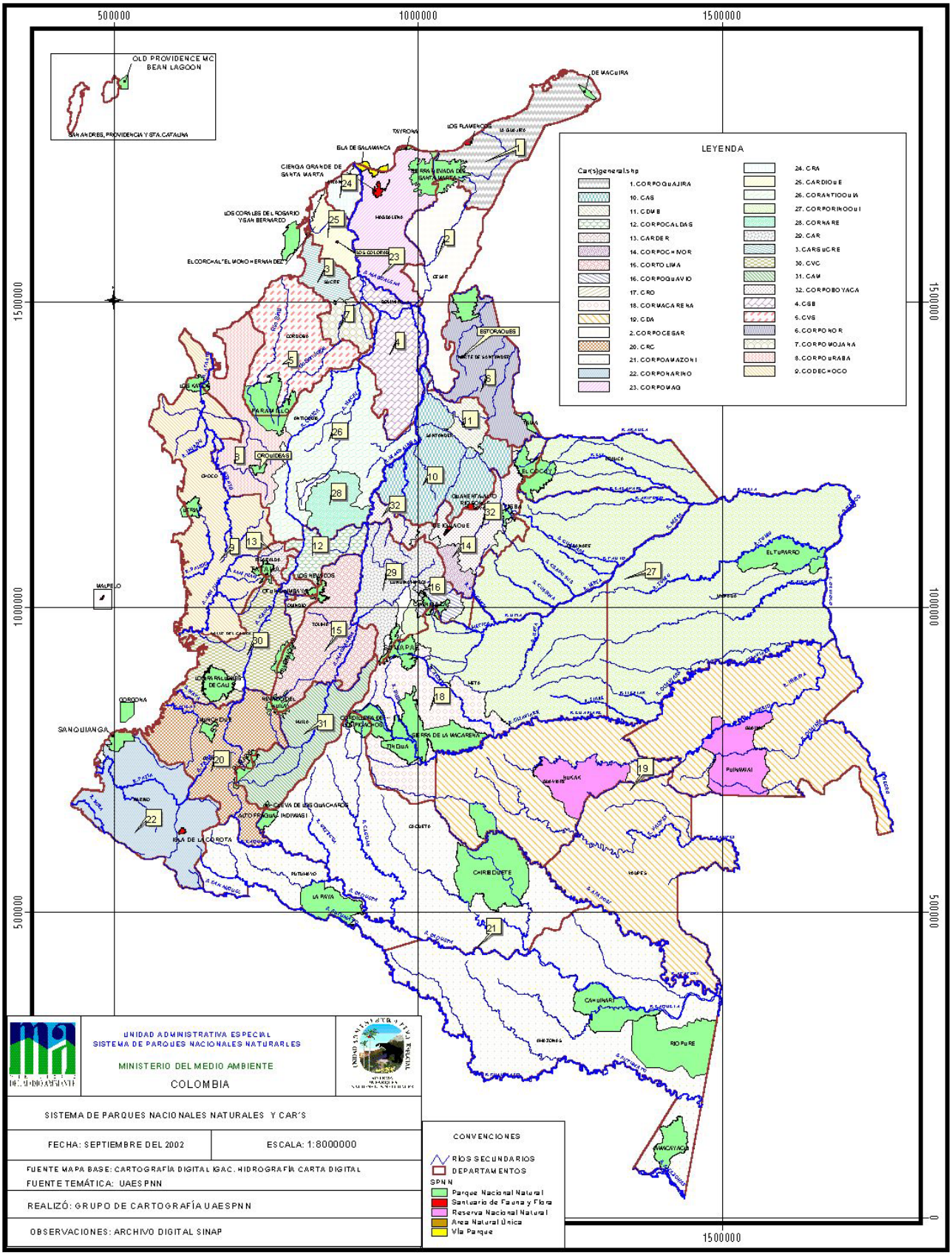
In general as mentioned by STAP reviewer; "To take advantage of this approach, it could be useful to prepare and implement specific and simple monitoring and evaluation mechanisms in order to know when and what to measure, and to guarantee a systematic data collection". This is the challenge we have before appraisal.

Annex 17: Maps

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Project Areas (GEF and TFCA)




500000
1000000
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OLD PROVIDENCE MC BEAN LAGOON
SAN ANDRES, PROVIDENCIA Y STA. CATALINA
LEYENDA
Car(s)generals.shp
1. CORPOGUAJIRA
10. CAS
11. CDMB
12. CORPOCALDAS
13. CARDER
14. CORPOCHNOR
15. CORTOLIMA
16. CORPOGUAVIO
17. CRQ
18. CORMACARENA
19. CDA
2. CORPOCESAR
20. CRC
21. CORPOAMAZONI
22. CORPONARIÑO
23. CORPOMAG
24. CRA
25. CARDIQUE
26. CORANTIOQUIA
27. CORPORINOQUI
28. CORNARE
29. CAR
3. CARSUCRE
30. CVC
31. CAM
32. CORPOBOYACA
4. CSB
5. CVS
6. CORPONOR
7. CORPOMOJANA
8. CORPOURABA
9. CODECHOCO
UNIDAD ADMINISTRATIVA ESPECIAL
SISTEMA DE PARQUES NACIONALES NATURALES
MINISTERIO DEL MEDIO AMBIENTE
COLOMBIA
SISTEMA DE PARQUES NACIONALES NATURALES Y CAR'S
FECHA: SEPTIEMBRE DEL 2002
ESCALA: 1:8000000
FUENTE MAPA BASE: CARTOGRAFIA DIGITAL IGAC. HIDROGRAFIA CARTA DIGITAL
FUENTE TEMÁTICA: UAESPNN
REALIZÓ: GRUPO DE CARTOGRAFÍA UAESPNN
OBSERVACIONES: ARCHIVO DIGITAL SINAP
CONVENCIONES
RÍOS SECUNDARIOS
DEPARTAMENTOS
SPNN
Parque Nacional Natural
Santuario de Fauna y Flora
Reserva Nacional Natural
Area Natural Única
Vía Parque

Annex 18: Description of FUNBAP

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Introduction

The Project Development Objective is to support the development of the National Protected Areas System by consolidating a Biodiversity and Protected Areas Trust Fund (FUNBAP). FUNBAP was established as a private-sector foundation, with a majority private-sector board composition and a mandate to execute public-sector conservation policies related to the NPAS. FUNBAP will contain a mixed composition of endowment and sinking funds; while the endowment will support incremental, recurrent costs in the NPAS, FUNBAP will also execute direct investments in selected Protected Areas and complementary landscapes.

FUNBAP's objective is to support the consolidation and sustainability of the National Protected Areas System, by leveraging, administering, coordinating and allocating national and international financial resources for different types of protected areas and conservation and sustainable use strategies, as well as strengthening the relations and interactions between different stakeholders. Activities and projects funded by FUNBAP will contribute to improving and consolidating the conservation of biodiversity and protected areas.

FUNBAP was constituted in January 2006 and will operate under Colombia's private-sector legal regime, with clear, transparent and democratic participation and decision-making mechanisms. The Fund was founded by renowned organizations with solid experience in PAs, conservation and sustainable use management, including: the National Parks Unit (UAESPNN), the Association of Regional Autonomous Corporations (ASOCARS), the Humboldt Institute for Biodiversity (IAvH), the Center For Research on Sustainable Agricultural Production Systems (CIPAV), the Javeriana University, the Association of Natural Private Reserves Network , and Fundación Natura. The founders have held various meetings, in which they have agreed on the Fund's bylaws and submitted a short list of candidates to the board of directors and to the position of Executive Director. Founders will also oversee future compliance with FUNBAP guidelines and by-laws. Detailed functions, internal control mechanisms and procedures have been included in the project's Operational Manual (OM) and will be further elaborated in FUNBAP's OM, which is a condition for effectiveness.

FUNBAP's board of directors (or "management board') was ratified in January 2006. The management board contains majority private sector representation and key public sector representatives. Private sector members will be specialized in finance, protected areas, and social issues. The Board will be presided by the National Parks' Unit (UAESPNN) as the legally appointed Coordinator of the National Protected Areas System (NPAS). Detailed functions and responsibilities of the Board are found in the Fund's approved bylaws and have been reviewed by WB Legal specialists.

Establishment of FUNBAP

FUNBAP's proposed structure finds adequate support in Colombia's legal framework[58]. The proposed mechanism will allow the Fund to invest outside its jurisdiction, leverage public and private donations, and undertake debt swap transactions. This new foundation will be created under the authorization of Art.96 of Law 489/98 that allows the association between the State and the private sector for the accomplishment of public objectives.

[58] See "Marco Jurídico para la creación y puesta en marcha del Fondo para la Conservación de las Áreas Protegidas en Colombia", Consorcio Guerrero&Calixto - Consultores Asociados 2005, in Project File.

The Government of Colombia (GoC) decided to create a new private foundation specialized in the financing of protected areas following a process of broad consultation with experts in the environmental and public sectors (refer to annex 10), as well as a review of international literature that included an analysis of best practices of REDLAC Funds, the Manual for Conservation Funds (IPG, 2000), and the review and analysis of various Trust Funds in Latin America and Colombia[59]. Based on this research, the project team analyzed the ideal characteristics of a protected areas financial mechanism.

The project's partnership between the Colombian Government and the World Bank/GEF is expected to consolidate best practices and respond to the environmental sector's needs. The GEF is the premier financing agency for conservation trust funds, supporting 23 such funds around the world and investing US$595.6 million over the past 10 years. Indeed, several members in the World Bank project design team bring direct experience from similar funds in various countries, including Madagascar, Brazil, Mexico, Ecuador and Bolivia. Lessons learned in the establishment of these funds are being incorporated in FUNBAP's legal and operational structure.

Specifically, FUNBAP's structure seeks to incorporate the following best practices resulting from evaluations of GEF-supported Trust Funds:

- Mixed private-public management boards, and independence from political volatility.
- Clear and measurable goals and objectives, and a results-oriented management culture that learns from experience and is open to changes in approach based on feedback.
- Members of governing bodies who are prepared to commit their time, engage in fund policy-making and leadership, and build support with varied constituencies.
- Linkages between the fund and the National Environmental Strategy and its action plan. Links to the current GoC's National Development Plan (2002-2006).
- An ability to attract dedicated competent staff, especially a strong executive director.
- Basic technical and other capabilities that permit the fund to become a respected and independent actor in the sector. Access to and effective use of training mentoring and technical assistance resources to build capacity.
- Constructive relationship with relevant government agencies, intermediary organizations that provide services to clients, and other organizations in the environment community.
- Financial and administrative discipline, combined with program flexibility and transparency, and procedures that support this and are consistently applied.
- Mechanisms for continuing to involve a wide range of stakeholders in the fund's programs and direction, tempered with enough strategic direction and leadership to avoid program fragmentation.
- Asset management competitively selected, a diversified portfolio of investments, financial expertise to provide regular reporting, and oversight by fund boards comparing actual performance to benchmark.

Several alternatives for the establishment of the Fund were analyzed in depth (documents in project file), including: (i) the creation of a new institution, (ii) the utilization of an existing mechanism, and (iii) the design of a transitory mechanism. Following a rigorous technical and legal analysis and a discussion with independent experts, NGOs and representatives from the public sector, the Government of Colombia discarded existing and transitory mechanisms. This decision coincides with previous analyses conducted by the inter-institutional committee which negotiated the TFCA in 2003, composed by the Ministry of the Environment, the National Parks Unit, WWF and TNC.

[59] "Análisis jurídico de los distintos mecanismos de constitución de Fondos para Conservación en Colombia y América Latina", Consorcio Guerrero y Calixto Consultores Asociados, 2005. Lawyers hired during the PDF-B phase. Document in Project Files.

Existing funds, described below, have a number of benefits, including their proven track record and efficient structures. Nevertheless, the following are the principal reasons for not using or transforming existing mechanisms into FUNBAP: (i) existing institutions have wide environmental objectives, and FUNBAP would only constitute a Sub-Account, limiting the scope of action and impact of the funds' activities; (ii) existing mechanisms are oriented primarily towards NGOs and would have difficulties in following public mandates regarding protected area and national park management; (iii) existing funds present a limited capacity to coordinate and promote investments to manage a diversity of protected areas which could potentially form part of the NPAS; (iv) existing funds have limitations for conducting specialized fundraising, and (v) some funds are not attractive for leveraging a wide range of international donors.

1. ECOFONDO finances a wide spectrum of environmental projects, which primarily benefit NGOs. It does not have experience financing public areas. The fund has expressed it is not interested in managing resources or fundraising for protected areas.
2. The Environmental and Childhood Action Fund (ECAF) has a legal framework and regime that involves the U.S. government as its founder and includes the GoC on its board. This fund is currently managing TFCA resources. Reasons for not selecting this mechanism include: (i) ECAF has wide objectives that include environmental and childhood issues; (ii) the GEF project would constitute a sub-account, limiting its scope of action and ability to attract specialized resources, and (iii) the fund has historically primarily benefited NGOs, and in the signed bilateral agreement in support of the TFCA debt swap, it is stated that ECAF can only finance the GoC and other public entities under exceptional circumstances. Since the project promotes public conservation objectives and targeted financing for conservation mosaics, fund requirements include strong fundraising potential from a wide range of national and international donors, financial resource allocation to diverse areas and stakeholders and a specialized institutional presence.
3. FONAM (National Fund for the Environment) is a public-sector fund belonging to the Ministry of the Environment. While it also finances NGOs, it does not have an independent legal structure, which is not attractive for leveraging international funds and makes this mechanism dependent on political and administrative changes.
4. CORPACOT (Corporation for Environmental, Cultural Protection and Territorial Ordering), the executor of PDF-B funds, is a private corporation with a mixed public – private participation and has channeled international and national resources for the National Parks System. However, it contains a public sector majority on its board of directors and its statutes are legally unmodifiable, which impedes the transformation of this mechanism. In order to avoid having two funds with similar objectives[60], the GoC has decided to dissolve CORPACOT.

The Fund, as a solid financial mechanism responsible for attracting additional funds for conservation, undertaking efficient administrative and financial management and transparent and agile resource allocation, will improve the execution of conservation activities and strengthen Colombia's environmental institutional capabilities. The mixed representation on FUNBAP's board seeks to strengthen the bonds and co-responsibility between the State and civil society for biodiversity conservation and sustainable use. In particular, the project expects to strengthen the UAESPNN in its administration of the National Parks System and as NPAS coordinator by contributing to the coordination between relevant stakeholders and their direct participation in conservation initiatives.

Timetable for FUNBAP's creation. At present, the following milestones have been reached in support of FUNBAP's establishment: (a) the legal documentation for the fund's constitution, including the Fund's Bylaws, has been completed; (b) a review of the Bylaws by WB Legal specialists and local lawyers has been undertaken; c) the definition of institutional arrangements has been defined in the project OM; d)

[60] CORPACOT's objective have a wider scope.

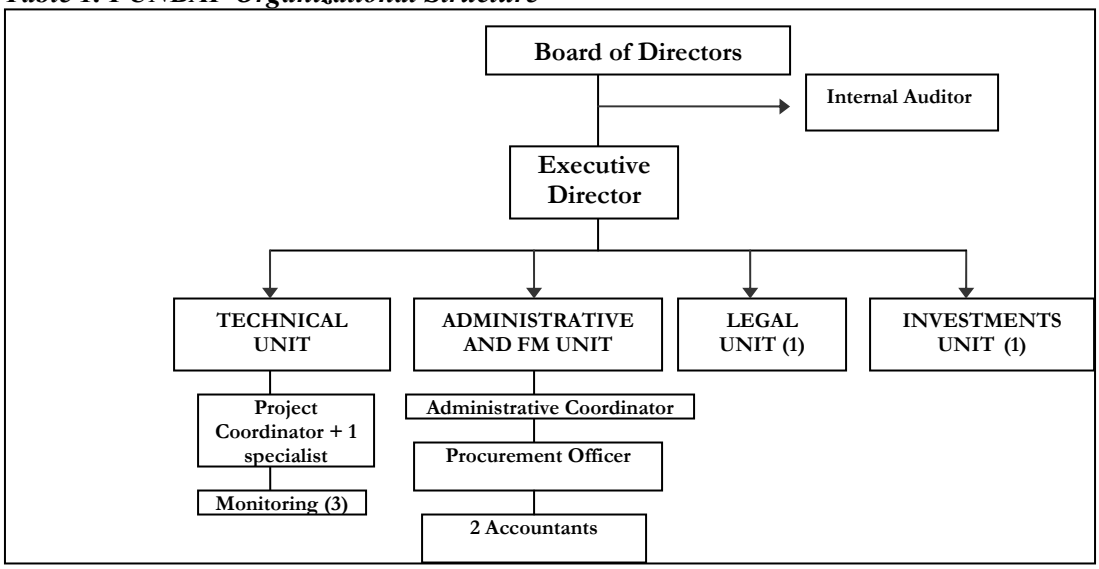
FUNBAP founders have approved the by-laws and remaining legal documentation, and e) FUNBAP's legal constitution and Internal Auditor (Revisor Fiscal) selection and Board of Director ratification took place in December 2005. The Board will meet in February 2006 to select the Executive Director. Financial Management and procurement arrangements have been included in the project OM.

FUNBAP Structure and Institutional Arrangements. FUNBAP will have the legal authority and organizational structure to undertake a wide range of activities in order to accomplish its objective, the most important of which are:

- Raise, administer, channel and assign national and international resources to biodiversity conservation activities under a wide range of management categories and contributing to the long-term consolidation of the NPAS;
- Invest and administer financial resources according to pre-approved investment guidelines and using a range of mechanisms and portfolios, such as have been approved by the Management Board;
- Allocate financial resources under various modalities, which may include partially or wholly reimbursable distributions, in accordance with the Fund's OM, and
- Coordinate conservation and sustainable production initiatives, in accordance with the functions and responsibilities to be defined within the NPAS organizational structure.

FUNBAP is being designed to possess an adequate organizational structure for project execution and Financial Management (see figure below), with various specialized units. Its Administrative and Financial Management Unit will be composed of an Administrative and Financial Management Coordinator, a procurement officer and two accountants, whose TORs and minimum recruitment requirements are included in the project OM. Additionally, the Fund's technical, legal and investment units are being designed to contain strong staff and coordination mechanisms. The project will finance annual training programs in order to strengthen FUNBAP staff and ensure smooth project execution.

Table 1. FUNBAP Organizational Structure



FUNBAP will contain both endowment and sinking funds to respond to the short and long-term financial needs of the National Protected Areas System and the interests of various donors. FUNBAP will be designed with enough flexibility to accommodate new donors and will create specific Sub-Accounts, if so requested, to finance specific PAs or conservation strategies. At the donor's request, FUNBAP's various contributions may be overseen by independent Steering Committees. FUNBAP will maintain independent

financial statements and monitoring mechanisms so that donors can keep track of their contributions and evaluate their impact.

The GEF project will be managed as a special sub-account and a Steering Committee (refer to Annex 6). GEF resources would be invested in the creation and consolidation of conservation mosaics, while the endowment fund would be capitalized at a level sufficient to provide investment income for funding conservation mosaic recurrent costs. See Annexes 6 and 7 for a depiction of FUNBAP's structure and key functions.

Decision-Making and Managerial Structure

FUNBAP's management board will be responsible for issuing the Fund's policies and approving FUNBAP's investments and asset allocation strategies (see specific functions below). The management board is being designed to contain 8 members, with 5 private-sector representatives and 3 public-sector members. Government representatives include the UAESPNN Director, to assume the board's directorship, a representative from the regional autonomous corporations (CARs), and one from the research institutes associated to Ministry of the Environment. Private-sector members will include two representatives of the private founders and three renowned individuals, selected based on their previous personal and professional experience, as well as their potential contributions to conservation initiatives and the Fund's operation. Private sector members will come from different sectors and expertise: one will have a financial background, with ample experience in the financial or private sector; another will come from or have experience with ethnic groups in conservation processes, and the third will have a technical profile in conservation and protected areas management. This initial board composition, which requires Bank approval, may change over time according to FUNBAP's operational and strategic needs. Criteria and mechanisms for member selection and rotation are defined in FUNBAP's bylaws.

Responsibilities of FUNBAP's Board

The management board is FUNBAP's highest authority. Among its main responsibilities are:

- Approve FUNBAP's Operational Manual;
- Approve a Strategic Action Plan, which defines the objectives, goals and results of FUNBAP and its Sub-Accounts in the short, medium and long term, and their contribution to NPAS conservation policies;
- Define general fundraising guidelines, strategies and objectives, with the objective of identifying new donors, private sector partnerships, and/or other mechanisms to attract additional funding for the endowment and sinking funds.
- Provide general guidelines for the management of capital proceeds;
- Approve the creation of Sub-Accounts, Steering Committees and local execution committees, and ratify legal agreements between donors and FUNBAP;
- Oversee sub-accounts' compliance with pertinent legal and contractual obligations subscribed between donors and FUNBAP
- Designate among their members, a representative to each established Steering Committee, in representation of the management board.
- Approve an Annual Disbursement Program for programs, projects and activities in accordance with the FUNBAP OM, guidelines and NPAS priorities.
- Define general investment priorities;
- Verify whether Annual Operating Plans (Work Plans) meet general FUNBAP guidelines and legal agreements;
- Formally approve the Work Plans presented by the respective Steering committees;
- Oversee compliance with pertinent legal and contractual obligations as well as regulations and procedures required by donors;
- Approve modifications to the legal agreements between donors and FUNBAP, and
- Define criteria for selection of auditors.

Sub-Account Steering Committees

The management board may establish specific sub-accounts for resource management, according to donor's interests or for the execution of strategic programs, in compliance with legal agreements signed with donors. Sub-accounts may have specific Steering Committees, according to guidelines and indications defined in the specific agreements. The establishment and operation of such committees would be defined in the agreements subscribed with donors. Committees will at least be comprised by a representative from FUNBAP's management board, the FUNBAP Executive Director and a person designated by the donor.

In the case of the GEF project, the Steering Committee will include a member of the FUNBAP management board, the Director of FUNBAP and 2 representatives of UAESPNN (refer to Annex 6 for functions). Additional to specific functions and responsibilities defined in each donor's agreements, Sub-Account Steering Committees will provide operational guidance and supervision for the allocation and execution of resources, as well as the administrative and financial evaluation of the programs, projects and activities financed by each specific donation.

FUNBAP's Financial Strategy and Management

Fundraising Strategy. The Administrative Unit of the National Parks System (UAESPNN) has prepared detailed financial projections for FUNBAP with support from Bank consultants and pro-bono advice from Suvalor/Salomon Smith Barney. This financial model provides key inputs related to estimated endowment account administrative expenses, required capitalization, and different asset allocation and return scenarios. Summary results from these projections are presented in Annex 9; the detailed tables are included with project files. The results demonstrate that financing recurrent incremental costs for all 51 national parks[61] requires a fund capitalization in the order of US$50.5 million. Since this represents considerably more than the capital currently available for FUNBAP, a fundraising strategy will be developed and implemented by FUNBAP's Director during the project's duration and is a key indicator to be met by the project's MTR. This strategy will include key inputs being developed by the project preparation team, including a review and identification of private foundations in the United States, a list of potential donors and donor profiles and the establishment of initial contacts (documents in the project file).

The following preliminary sources of funds have been identified: (i) debt-for-nature swaps between the GOC and other governments[62]; (ii) Regional Autonomous Corporations (CAR) budget contributions and counterpart commitments; (iii) private sector donations; (iv) foundations and NGOs, and (v) Colombian government counterpart funds committed through legislative and regulatory acts to new financial instruments developed to support conservation initiatives. Fundraising for the National Parks System will be closely coordinated with the National Parks' Unit; fundraising strategies for other protected area systems will also be closely coordinated with CARs, potential beneficiary NGOs and organizations.

Origin of Resources. The resources of FUNBAP's endowment and sinking sub-accounts may be composed of:

- Donations of assets and rights;
- Assets and rights stemming from asset revenue, and
- Other sources.

Possible Fund revenue may consist of:

- Income derived from domestic and foreign investments and financial applications, and
- Donations made by individuals or public or private corporations, whether domestic or foreign, and by international agencies, expressly allocated to the Fund.

[61] Recurrent cost projections are based on average costs projected for the 9 National Parks to be financed by the GEF.
[62] Debt swap negotiations with Holland, Spain and the United States have been initiated.

Mechanisms will be sought to facilitate donations from foreign partners and other resources and to optimize asset management in different currencies. With this objective, accounts may be opened for the Fund in countries outside of its jurisdiction.

Asset Manager(s). To ensure prudent financial and investment management of the endowment capital, FUNBAP will, from its Investment Unit: (a) hire an investment expert qualified to assist with the definition of an asset allocation and overall investment strategy consistent with the investment objectives; and (b) enter into a contract with an internationally qualified asset manager, which will be responsible for providing custodial services for the endowment capital. Both contracts, as well as the roles and outputs of the investment expert and asset manager, will be consistent with WB investment and procurement guidelines and will be duly reflected in the FUNBAP OM.

The investment expert's responsibilities include creation of specific investment portfolios; provision of information to facilitate the monitoring of investment results and the planning of future POA requirements; systematic performance of market research and analysis in order to identify and monitor investment alternatives; identification of long-term strategies and short-term tactics for resource applications; and provision of analysis and interpretation of investment reports submitted by the asset manager(s).

The responsibilities of the asset manager(s) include:

- Provision of custodial services, including liquidations of purchases and sale of papers, preparation of notes for all transactions, collection of dividends, monthly income and capital statements, as well as maintaining appropriate insurance against negligence, fraud, accidental damage, and other types of damage.
- Maintaining correspondence with FUNBAP by means of communications, written reports, and periodic meetings (as needed). Reports should include evaluations, income and capital statements, and, less frequently, analyses of applications, performance assessed according to established reference values, market perspectives, evaluations, and summaries of transactions made.

Criteria for selection of asset managers. The criteria established for the selection of asset managers may be grouped into three general categories:

Investment capacity

- Demonstrated skills and consistent work to reach or exceed established reference values; flexibility; experience with balanced investment portfolios; independent research ability; organization and control
- Representation and investment activities in Colombia; research ability; acuity in dealing with the proposal; and quality of presentation
- Response capacity regarding the proposed investment, in terms of creativity, flexibility, and exactness; and ability to deal with the Fund's specifications
- Costs in relation to capacity and efficiency

Experience and reputation

- Years of experience, clientele, types of funds administered
- Reputation in the market, clientele, references
- Quality of management and of technical staff, in terms of: experience; ability to maintain competent professionals; individual workload, within reasonable limits; good client relations; good research capacity
- Environmental and social responsibility;, demonstrating the ability to meet the client's demands in this regard

- Experience in stock investments of the amount estimated to cover the project's needs throughout its life span

Security and stability
- Prudent and professional investment philosophy; history with no records of any type of condemnation by the regulatory authority regarding activities; ensure protection of assets; quality of associates
- Responsibility and reliability in protecting assets and respecting regulations
- Capacity and flexibility in risk administration, limits utilized, ability to diversify

Asset Manager Selection Process. The selection of the asset manager(s) will be consistent with Bank procurement guidelines. FUNBAP should be assisted by the investment expert described above in preparing a preliminary list of potential Asset Managers. FUNBAP's Director will implement the remaining steps in the selection process, including request for proposals, evaluation of proposals, and preparation of a final bid evaluation report. The results of the evaluation report will be submitted to the endowment donors for their information and "no objection." Subsequently, FUNBAP's Director will negotiate the custodial services contract with the selected Asset Manager(s), and will submit the final negotiated contract to the Board for its approval. The Bank-approved TORs of the Asset Manager will be a condition of disbursement of funds to the FUNBAP Endowment Account, and the Asset Manager must be hired prior to July 30, 2006.

FUNBAP Project Execution

Endowment Account Capitalization and Management. For capitalization of the FUNBAP endowment account, GEF resources will be disbursed on a 1:1 basis (US$1 from the GEF for each US$1 from other donors), following verification of deposits by other donors. Once the donor's deposits are confirmed, the GEF will disburse its funds. The disbursement procedures and requirements will be included in the project's OM.

In order to meet the objective of generating sufficient investment income to cover selected conservation mosaic annual, incremental recurrent costs, a specific asset allocation strategy, consistent with investment guidelines agreed with the Bank, will be defined by FUNBAP's Board and executed by the selected asset manager. The asset allocation strategy and the details of the aforementioned policy will be reflected in FUNBAP's Operational Manual.

GEF Sinking Fund (see Annex 7). The FUNBAP sinking fund will undertake short-term investments in conservation strategies throughout the NPAS. The GEF is requested to provide US$7.5 million to this account. Counterpart contributions include US$5 million provided by the TFCA debt swap, currently managed by the Environmental and Childhood Action Fund (ECAF). Additional funds and counterpart contributions will be raised during the project's execution. Counterpart requirements for the sinking fund will be 3:1 (US$1 from the GEF for every US$3 from other donors' contributions). The disbursement procedures and requirements are included in the project's OM and are summarized in Annex 7.

As in the case of the endowment fund, FUNBAP may be flexible in the creation and management of several Sub-Accounts, while guaranteeing adequate procedures for the cost-effectiveness of resource management and seeking to maximize the total resources available for implementing conservation strategies.

Eligible Expenditures. GEF Endowment yields will be used to cover FUNBAP's operation cost and recurrent costs for protected areas belonging to conservation mosaics that meet the eligibility criteria referenced above. Eligible recurrent costs include: protection activities (fuel, firebreaks, maintenance of equipment used for enforcement, maintenance of infrastructure, etc.) and personnel costs. The types of expenditures eligible for coverage by the endowment yields will be defined in a contract signed with donors, and a specific operation manual should be approved by the project Steering Committee. The allocation of resources will be based on Annual Operational Plans (Work Plans) and approved by the Steering Committee and the Bank.

FUNBAP Operational Manual

A draft table of contents for the FUNBAP OM is presented below. The final manual will be a condition of effectiveness. In turn, the project OM (in project file) will govern specific guidelines for the GEF project.

Executive Summary
Structure of FUNBAP
1. *Mission and Objectives*
2. *Program components*
3. *Organizational Chart of FUNBAP*
4. *Institutional Coordination Arrangements*
5. *Responsibilities and selection process of FUNBAP's Board*
6. *Fundraising strategy*
7. *Creation of Sub-Accounts and Steering Committees*
8. *Selection of FUNBAP's Steering Committees*
9. *Responsibilities of FUNBAP's Director*
10. *Responsibilities of National Parks Unit and other PA administrators*
11. *Responsibilities of CARs and other stakeholders*

Sinking and Endowment Account Management
1. *Sinking Fund Management / selection criteria, guidelines, analysis*
2. *Endowment Account Management/disbursements, spending limits, reserves, use of "excess" and other income, and administrative costs Distribution of the resources*
3. *Eligible activities*
4. *Emergency funds*

Administrative Procedures
1. *Requirements to approve the Annual Operational Plans*
2. *Accounts, Audits and Reports / requirements and procedures*
3. *Timetable for reports and disbursements to the conservation mosaics*
4. *Purchases*
5. *Contractual services*
6. *Complementary staffing*
7. *General accounting systems*
8. *Registry of accounts*
9. *Bank accounts*
10. *Disbursements*
11. *Budget planning*
12. *Transfer*
13. *Inventories*
14. *Bookkeeping*
15. *Auditing procedures*

Monitoring and Evaluation
1. *Description of the M&E program*
2. *Technical reports*
3. *Role of management plans in M&E program*

Annexes (including investment expert and asset manager contracts)
TORs Key Staff Positions
FUNBAP Bylaws and legal agreements
Forms – Work Plans, bi-annual reports, and subsidiary agreements

Annex 19: Description of Conservation Mosaics Concept

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

The Conservation Mosaics Concept

Conservation mosaic is the term adopted by the project to achieve scale-up in biodiversity conservation through landscape-based PA management.[63] Conservation mosaic is defined in this proposal as networks of protected areas and complementary landscapes, to include a combination of two or more of the following: national parks, Protected Areas[64], Rural Landscapes, Seascapes, and Collectively Owned Ethnic Territories. Conservation mosaics build upon existing social and institutional arrangements in order to ensure the fulfillment of conservation and local benefit objectives. Working with conservation mosaics emphasizes the need to complement national parks with other management and conservation strategies, while promoting the sustainable use of biodiversity and local development through benefit sharing and use agreements with local communities.

The need to establish conservation mosaics as opposed to strict protection national parks is based on the following: i) from an ecological standpoint, most national parks in Colombia were declared after modern human settlements, presenting design failures as seen from modern conservation sciences and reflected in inadequate sizes, forms, boundary definition, the types of ecosystem included[65] and limited long-term persistence[66]; and ii) from a human standpoint, these design deficiencies contribute to current unsolved social conflicts between conservation policies and the perceptions and interests of local populations. The application of the conservation mosaic concept allows us to: i) manage populations of endangered species located within rural productive landscapes[67], ii) fill ecosystem gaps and ecological functionality, complementing the integrity of biodiversity conservation at the landscape level, and ii) increase the level legitimacy and governance, as the use of natural resources is driven to sustainability[68].

Conservation mosaic as conservation tools are not new in Colombia. In 1974, Integrated Management Districts were created by Law 2811, which allowed multiple use areas including strict conservation areas. In the 1991 National Constitution, regional and local authorities were allowed to create Protected Areas of different types and to register private reserve initiatives (Law 99 of 1993). As a result, Regional Conservation Systems (SIRAP) are being developed. Regional Protected Areas Systems involve regional environmental authorities (CAR), local governance and the National Parks Unit (UAESPNN) as promoter or technical supporter.

There are also large-scale conservation initiatives promoted by several NGOs, especially "biological corridors", usually covering large territories. These initiatives relate to the proposed conservation mosaic concept. However, the "corridor" concept: i) seeks to complement biodiversity conservation at the landscape scale, following conservation science dictates (conservation biology and landscape ecology), through the maintenance or restoration of landscape biological connectivity and ecological integrity, ii) it seeks to strengthen management capacities of public institutions, based upon the role give by law to UAESPPN regarding decentralized conservation efforts, and iii) it intends to implement PA systems through the use of a wide array of protected areas management categories (IUCN) including diverse

[63] It corresponds to the current recommendation of scaling-up conservation at the landscape level (World Conservation Union) www.iucn.org
[64] Defined as areas duly recognized as such under Colombian legislation.
[65] See for example Fandiño 1996 and van Wyngaarden y Fandiño (2002), who have demonstrated design failures for two national parks in the Andean region, and the review of the subject prepared by Matallana et al. (2002).
[66] The relationship between persistence limitation and design failures of protected areas has been presented by Cháves (2002
[67] The project Conservation and sustainable use of biodiversity in the Andean Region (GEF Andes) is being developing concepts and tools for biodiversity management in rural landscapes.
[68] The Parks Unit (UAESPNN) has important experience in the promotion of sustainable productive systems for conservation in buffer zones of the NPS (Ecoandino Project, see Rojas, A. Ed. (2005).

conservation management regimes and governance, including the use of conservation tools developed for sustainable productive systems in rural landscapes.

Identification and Description of Selected Conservation Mosaics

The project selected 9 national parks to be funded by the GEF as core areas for the establishment of local and regional, or bio-regional, networks of protected areas. In the future, conservation mosaics could be replicated elsewhere and at different spatial scales, with other type of conservation areas as core (regional or local protected areas, or indigenous established protected areas). A general description of GEF-supported conservation mosaics is presented in Table 1, including: i) a description of ecological conditions and biodiversity currently included in the national park (core), which corresponds to the baseline conservation efforts (without project), ii) a general description of the ecological and biodiversity context at the surrounding landscape level, which justifies the creation of the conservation mosaic as an incremental contribution to long-term conservation through restoring ecological integrity and functionality (with project), and iii) the current social context, suggesting the management scheme to be adopted in each area.

Global biodiversity benefits of the project would result from: (i) consolidating national parks and other PA categories containing biodiversity of global importance; (ii) complementing original design failures in national parks by seeking consolidation and connectivity between PAs and their surrounding landscapes, and (iii) making regional ecosystems more resilient and persistent in the face of additional threats, such as climate change, through the creation of conservation mosaics.

From a biodiversity conservation standpoint, the nine GEF-supported conservation mosaics, all of which contain national parks at their core, are the following:

a) 2 Andean national parks and complementary landscapes bordering the frontier of human occupation at their eastern limits and projecting onto the Chocó rain forest on their western boundaries (Farallones and Orquideas);
b) 1 naturally isolated Andean ecosystem (Galeras);
c) 3 national parks located within extensive indigenous forest territories, two on the Amazon rain forest (Puinawai and Cahuinari) and one within the Chocó (Utria);
d) 2 marine PAs (Old Providence and Corales del Rosario) within extensive seascapes (insular and coastal), bringing the opportunity to create larger-scale marine reserves that combine conservation and sustainable use of natural resources, and
e) 1 estuarine mangrove and forested wetlands national park located in the southern part of the Chocó rainforest (Sanquianga).

All of the above Protected Areas harbor important conservation values, many of which contain global significance, related to: a) conservation of globally endangered flora and fauna species that are threatened, mainly outside of existing PAs; b) conservation of highly vulnerable endemic biota, and c) conservation of natural resources utilized mostly outside Protected Areas, especially fisheries and water for human consumption. Furthermore, most national parks selected (6 of the 9 GEF areas) are located within or nearby extensive natural habitats containing indigenous and afro Colombian populations, which represents an opportunity for consolidating Mosaics with larger-scale ecosystem conservation benefits.

Table 1. Description of 9 GEF Conservation Mosaics and Incremental Benefits from Project Integration of Mosaics

National Park	Ecosystems and Biodiversity of Global Importance/ Baseline Levels of Conservation	Ecological Context within Surrounding Landscape (Incrementality achieved by Project)	Social Context
Parque Nacional Natural Farallones de Cali (150.000 hectares)	▪ Biogeography: Transition between mountain forest ecosystems (western Andes) and the lowland rain forest (Chocó). Continuous altitudinal gradient from highland paramo to lowland rain forests. ▪ Biodiversity and Global Significance. Extremely high alpha (within habitat) and beta (between Habitats) biodiversity. More that 600 bird species. A center of endemism for birds (western slopes at mid-altitudes), and highland flora (paramo). Noteworthy species: Solitary Eagle (*Harpyhaliaetus solitarius* EN); Bron Wood Rail (*Aramides wolfi* VU); Banded Ground Cuckoo (*Neomorphus radiolosus* VU) ; Western Antvireo (*Dysithamnus occidentalis* VU); Umbrella bird (*Cephalopterus penduliger* VU); Yellow-throated Bush-tanager (*Chlorospingus flavovirens* VU); Multicolored Tanager (*Chlorochrysa nitidisima* VU); the endemic Chestnut-bellied Flower-piercer (*Diglossa gloriosissima* EN); Tanager finch (*Oreothraupis arremonops* VU); the endemic Arrow Poison frogs *Dendrobates lehmanni* CR and *D. viridis* EN; and the endemic frog *Eleutherodaqctylus ruizi* EN.	The park includes only marginally lowland rain forests, although ecological continuity still exists between the paramo and the seashore. The park belongs to a huge mountain massif mostly under natural cover with habitat connectivity both towards the North (Cerro Calima Regional Natural Park) and South (Munchique National Park). Eastern slopes of the Park (facing the City of Cali) below 2000 m. Altitude have intense human occupation and ecological impacts (fragmentation, and inadequate land uses). The area presents a high opportunity for consolidating a large-scale conservation mosaic, including an important proportion of the mountain rain forests facing the Chocó lowlands, lowland rain forests and coastal – marine ecosystems. The area is irreplaceable for any global biodiversity conservation strategy focusing the tropical Andes and the Chocó biogeographic realm.	Lowland rain forests at the foothills of the western slopes of the park are inhabited by afro Colombian and indigenous communities (Calambre, Mallorquín, Papayal, Raposo, Yurumangui, Taparal, Potedo, Campo hermoso, Guadualito, Sabaletas, San Marcos, Guauimia, La Brea, Llano Bajo, Agua clara y Anchicayá). The Escalerte Municipal reserve of the city of Buenaventura, and the targeted regional protected areas of Bahia Malaga (CVC). Opportunity for integrating conservation through traditional practices and consolidation of productive and extractive systems (afro Colombian and indigenous), and the creation of sustainable productive systems in areas inhabited by peasant communities (buffer zone of the Park at the eastern slopes in Valle del Cauca.)
Parque Nacional Natural Utria (54.300 hectares)	▪ Biogeography. Lowland and upland (Baudó range) rain forests of the Chocó biogeographic realm. The Baudó range is a natural dispersal corridor for biota between Central American rain forest (Darien) and southern Chocó. It is the only place in the Pacific region of	The national park is too small, and insufficient for the long-term conservation of a representative and functional sample of regional ecosystems and biodiversity. The Park is not a habitat island; there is ecological continuity over large areas through the Baudó Range to Panama (Darien). The only major threat	The Park overlaps in 95% surface with four indigenous legal demarcated territories (resguardos) of Alto Bojayá, Río Valle, Boroboro and Buey. About 1,200 people belonging to afro Colombian communities live in the area (communal councils of Los Delfines and

	Colombia where coral reefs, mudflats, mangroves, lowland rain forest and upland rain forests are found together in a relatively small area. The beauty of Utria sound is remarkable. ▪ Biodiversity and Global significance. Extremely high beta (between habitat) biodiversity. High diversity of plants, vertebrates and marine fauna. Hundreds of vulnerable – endemic plants belonging to the Baudó Range. Charismatic fauna such as jaguar, macaws, monkeys and humpback whales are encountered within the park. Noteworthy species: Endemic Chocó Tinamu (*Crypturellus kerriae* VU); Chocó Guan (*Penelope ortoni* VU); Speckled Antshrike (*Xenornis setifrons* VU); endemic Chocó Oropendola (*Psarocolius cassini* EN); and Spider Monkey (Ateles geoffroyi), among many others.	to large-scale connectivity is found in the south, where a road development between the Tribugá gulf (with a projected harbor) and interior of the country has been foreseen. In order to guarantee and expand the conservation value of the Park, it is necessary to promote the creation of a conservation mosaic over a large territory, including protected areas designed by local communities, regional protected areas (CAR) and municipal preserves. There is also a remarkable opportunity for expanding marine protected area system.	Riscales). Traditional l productive system prevail in the inhabited rain forests, although loss of fauna present over large areas due to subsistence and commercial hunting. Potential regional scale ecological impacts from future mega-investments such as the Tribugá port and the national road. Long-term presence in the area of conservation initiatives and institutions (Fundación Natura). High levels of social awareness and organization focusing environmental and cultural survival issues. Urgent need of consolidating economic alternatives such as community-based ecotourism, productive sustainable systems, as well as management of fisheries and regular tourism. Increase governance and empowerment of local communities in order to consolidate social control of the territory. Co-management of the Park, and its integration to regional planning of indigenous and afro Colombian large territories.
Parque Nacional Natural Orquídeas (32.000 hectares)	▪ Biogeography. Transition between mountain Andean ecoregion and lowland Chocó rain forests. The Park includes one the few paramo ecosystems of the western Cordillera. Natural connectivity between the paramo, and the lowland rain forests. ▪ Biodiversity and Global significance: Extremely high biodiversity in the forests of the western slope of the park, especially birds, frogs, butterflies, and plants (among which orchid diversity is outstanding). Numerous endemic species, especially plants in the isolated paramo. High concentration of vulnerable species (mammals, birds and frogs), and critically	The Park does not include lowland rain forests (Chocó biogeographic realm), although natural connectivity still exists through indigenous and local communities. High natural connectivity along altitudinal belts of high Andean, Andean and sub Andean mountain forests on the western slope, to the Citará and Caramanta Massif to the North. The creation of a conservation mosaic (including protected areas of different types) in the Orquideas Park is important to preserve the long-term ecological viability of the protected ecosystems, will increase the ecological representativeness of the regional conservation system, and would maintain the large-scale ecological connectivity of the western slopes of the Colombian western	The Park overlaps two indigenous resguardos (Valle Perdidas and Chaquenodá). Eastern slopes include the frontier of peasant occupation, and have been mostly transformed, although important forests remain. In the western slopes indigenous and afro Colombian forest dwelling communities surround the Park. Institutional environmental presence of CAR (Corpourba and Corantioquia), the Park Unit, and Urrao, Frontino, Caicedo and Abraqwui municipalities. Important opportunities for expanding conservation regime beyond the park's

	endangered species (Cycadaceae). Noteworthy species are: Solitary Eagle (*Harpyhaliaetus solitarius* EN); Mountain Crested Eagle (*Oroetus isidori* EN); the endemic Black and Gold Tanager (*Bangsia malanochlamys* VU) and Gold-ringed Tanager (*Bangsia aurecincta* EN).	Cordillera, and the Chocó rain forests.	boundaries, through the creation of municipal and regional protected areas. Great opportunity for creating and consolidating sustainable productive systems in the buffer zone of the Park
Sanquianga National Park	▪ Biogeography. Transition between mountain Andean ecoregion and lowland Chocó rain forests. The Park includes one the few paramo ecosystems of the western Cordillera. Natural connectivity between the paramo, and the lowland rain forests. ▪ Biodiversity and Global significance: Extremely high biodiversity in the forests of the western slope of the park, especially birds, frogs, butterflies, and plants (among which orchid diversity is outstanding). Numerous endemic species, especially plants in the isolated paramo. High concentration of vulnerable species (mammals, birds and frogs), and critically endangered species (Cycadaceae). Noteworthy species are: Solitary Eagle (*Harpyhaliaetus solitarius* EN); Mountain Crested Eagle (*Oroetus isidori* EN); the endemic Black and Gold Tanager (*Bangsia malanochlamys* VU) and Gold-ringed Tanager (*Bangsia aurecincta* EN).	The Park does not include lowland rain forests, although biological connectivity still exists through indigenous and local communities. High natural connectivity along altitudinal belts of high Andean, Andean and sub Andean mountain forests on the western slope, to the Citará and Caramanta Massif to the North. The creation of a conservation mosaic (including protected areas of different types) in the Orquideas Park is important to preserve the long-term ecological viability of the protected ecosystems, will increase the ecological representativeness of the regional conservation system, and would maintain the large-scale ecological connectivity of the western slopes of the Colombian western Cordillera, and the Chocó rain forests.	The Park overlaps two indigenous resguardos (Valle Perdidas and Chaquenodá). Eastern slopes include the frontier of peasant occupation, and have been mostly transformed, although important forests remain. In the western slopes indigenous and afro Colombian forest dwelling communities surround the Park. Institutional environmental presence of CAR (Corpourba and Corantioquia), the Park Unit, and Urrao, Frontino, Caicedo and Abraqwui municipalities. Important opportunities for expanding conservation regime beyond the park's boundaries, through the creation of municipal and regional protected areas. Great opportunity for creating and consolidating sustainable productive systems in the buffer zone of the Park
Santuario de Fauna y Flora Galeras (7.615 hectares)	▪ Biogeography. Isolated volcano massif with unique fauna and flora elements. Ecological integrity limited to the high Andean and paramo systems. Lower altitudes mostly occupied by peasant communities of indigenous descent. ▪ Biodiversity and Global significance. The area is unique for Colombia, since it includes species at its northern limit of	Human communities long ago occupied the entire massif of Galeras. Most of its forests have been fragmented, and virtually disappeared in the lower parts of the massif. The high Andean forests present important opportunities for conservation, through the restoration of biological corridors. There are also some important forest relicts outside the Sanctuary to be protected in the conservation mosaic proposed, which in this case	Traditional peasant communities of indigenous descent. High population densities at lower altitudes in Nariño, Pasto, Tangua, Yacuanquer, Consacá, Sandoná and La Florida municipalities. Highly consolidated social and environmental processes, and signed agreements between local population and the Park administration.

	distribution. Presence of high Andean ecosystems such as paramo and super-paramo, where most of its flora is composed by endemic (vulnerable) species. Worth mentioning is Andean Condor (*Vultur gryphus* VU), the endemic frog *Eleutherodactylus repens* (EN), known nowhere else in the world. Galeras is the single Colombian locality where the Andean Deer *Hipocamelus andisensis* has been recorded.	will include especially: conservation of natural vegetation, regenerating connectivity, improving biodiversity permeability across the rural landscape, and promotion of sustainability in land use practices.	
Corales del Rosario y San Bernardo (19.506 hectares)	▪ Biogeography. A biogeographical cradle of coral reef fauna, including elements belonging to the Eastern and Western Caribbean realms. The Park includes the largest and most important coral reef formations of the entire Colombian Caribbean coast. ▪ Biodiversity and Global Significance. Very high biodiversity, in Habitats such as mangroves, coral reefs, and sea grass formations. Important breeding colonies of seabirds (a large colony of *Fregata magnifiscens*). Important refuge for endangered sea turtles, among which: *Caretta careta* EN; and *Eretmochelys imbricata* CF. Caribbean crocodile *Crocodylus acutus* and the Manatee (*Trichecus manatus*) are frequent in the park.	This Park represents the most important opportunity in the entire Colombian Caribbean coast for creating a large-scale protected seascape. In order to so, the marine conservation mosaic proposed will have an effective conserved core (National Park), and extensive surrounding areas devoted to artisan managed fisheries and ecotourism.	Afro Colombian communities not benefiting from the special land tenure regime inhabit the area. There are also private landowners, and important tourism development facilities serving the nearby city of Cartagena. The is institutional presence of the municipality of Cartagena, the Parks Unit, and regional CAR (Cardique, Carsucre and CVS), as well as Cartagena, Tolú, Sam Onofre and Coveñas municipalities. Potential for consolidating a multiple use managed seascape, with strong biodiversity conservation and sustainable use components.
Old Providence (995 hectares)	▪ Biogeography. Insular terrestrial biota, and surrounding extensive seascape of the western Caribbean biogeographical realm. The island and surrounding sea includes a wide array of terrestrial, coastal and marine ecosystems in a relatively good state of preservation. Worth mentioning for the area is the presence of an important sample of the Caribbean dry forest ecosystem, unique to Colombia. ▪ Biodiversity and Global Significance. Diverse marine ecosystems. Caribbean	Existing national protected area is too small, and does not include an adequate representation of the terrestrial and marine ecological and biological diversity. A major conservation gap is the Caribbean dry forest, which is not included in the Sanctuary, or in any other type of protected area. This forest, although affected in some parts of the island, has an important level of diversity, and potential of functional restoration. The inclusion of the dry forest in the conservation mosaic proposed would be in itself an important	There is no human population within the protected area, although some private holding overlap the Sanctuary. The protected area is under severe external threat, especially tourism activities and developments. Old Providence island is mostly inhabited by traditional communities (raizales), and in lesser extern by recent immigrants. The proposed conservation mosaic integrates biodiversity conservation through the consolidation of the national protected area, complemented by the creation of a local

	Tropical dry forests with high levels of characteristic biodiversity, especially plants and invertebrates. Coastal lagoon with highly productive mangrove system. The only protected area of this part of the western Caribbean reef formation. Endemic populations present in Old Providence Island are the frog *Leptodactylus insularun*; ten terrestrial and eight marine bird species. The island is an important stopover site for Northern bird migrants.	contribution to global diversity conservation, owing to the high degree of endemism. The Seaflower Biosphere Reserve (the conservation status achieved for the archipelago) represents an opportunity for creating a conservation mosaic, including protected areas and sustainable productive systems over a large proportion of the area, and which will support regional development strategies (sustainable management of fisheries, preservation of scenic quality of the island, sustainable tourism, ecotourism, and biodiversity conservation).	protected area network, and sustainable development activities.
Parque Nacional Natural Cahuinarí (575,000 hectares)	▪ Biogeography. The large Park is located in the transition between the western Amazon (Nap) and the Guiana Shield biogeographic realm, thus sharing species from both. The Park includes a highly representative sample of different types of tropical rain forest (upland, flooded on white and black water river banks, etc.). Several complete water catchments areas of medium sized rivers are included entirely within the Park. A huge complex of oxbow lakes and wetlands along the Cahuinarí River are protected, with large concentrations of wildlife. ▪ Biodiversity and Global Significance: This Park is located within a huge expanse of mature tropical rain forest, harboring healthy populations of the endangered mega-fauna characteristic of the Amazon rain forests. Noteworthy species are: Curasow (*Crax globulossa* CR); the Jaguar (*Pantera onca);*, Amazon Tapir (*Tapirus terrestris);* , Giant River Otter (*Pteronoura brasiliensis)*, Humboldt's Woolly Monkey (*Lagothryx lagothrica);* Black Caiman (*Melanosuchus niger*). Most of the remaining Colombian	The national park is located at the center of a immense uninhabited wild land. Despite its relatively large size (half a million Ha) the Park is not big enough for the long-term maintenance of large-scale ecological processes. The headwaters of the Cahuinarí river, for example, are located outside the Park's boundaries. River turtles and fish migrate annually outside the Park to the Caquetá river. The Park partially overlaps a large forested and low-density indigenous territory, conforming one of the largest wilderness of western Amazonia (several million hectares). The proposed conservation mosaic is thus essential for the maintenance of a large-scale tropical rain forest landscape.	The Park overlaps two indigenous resguardos. The Miraña population inhabits the Caquetá riverbanks. Bora and Witoto live in the Predio Putumayo, the larges Colombian demarcated indig3enous territory. To the north, lies the Mirití Paraná indigenous territory (1.600.000has) of the Yucuna, Tanimuca and Matapí ethnic groups. People practice productive traditional productive systems, which are based upon the regeneration capacity of the forests, and the biological productivity of waters. The Park has cultural significance for several indigenous groups, Park co-management processes have been promoted for the Park, and river turtle populations; and advanced agreements between local populations and Park authorities are under way. Corpoamazonia and the Parks Unit are the institutions present in the area, as well as some NGOs.

	reproductive and nursing grounds of the endangered Giant River Turtle (*Podocnemis expansa*) are located within the Park.		
Reserva Nacional Natural Puinawai (1.092.500 Ha)	▪ Biogeography. Puinawai is located in the transition between the Llanos (North), Guiana shield (East), and the lowland Amazon rain forest (Southwest). It is a cradle of biogeographical diversity, with outstanding ecosystem heterogeneity and biological diversity. The large size Reserve, and the indigenous lands around it, conforms a huge wild territory with extensive forests, savanna, caatingas, rocky outcrops; and large white, mixed and black water rivers. It includes the highest degree of ecological heterogeneity for the entire Colombian Amazon region. ▪ Biodiversity and Global Significance. Puinawai protects singular ecosystems which are not present anywhere else, such as extensive savanna vegetation dominated by the family Rapataceae, and rocky outcrops (Inselbergs) with endemic *Vellozia*. Endangered fauna reported in the area: Giant River Otter (*Pteronura brasiliensis*), Jaguar (*Felis onca*); monkeys (especially *Cacajao melanocephalus,* and *Cebus apella*). River turtle (*Podocnemis unifilis* VU) land turtle (*Geochelone denticulta* VU); and Harpy Eagles (*Harpia harpyja* NT). .	Puinawai National reserve legally overlaps indigenous territories. It is necessary no only to promote co-management scheme for the overlapped area, but there is high potential of expanding the benefits of conservation to an extensive surrounding territory. The conservation mosaic here proposed is essential for the long-term conservation of a protected landscape, maintaining large-scale connectivity that benefits extensive ecosystems far beyond the national borders to Brazil and Venezuela.	Extensive territory inhabited by Curripaco and Puinawe Indians. About 797.819 Ha of the protected area overlap indigenous territories. Colombian law requires for this cases the development of a special management regime, agreed with local communities and park officers. The conservation mosaic proposed offer the opportunity to advance in the consolidation of a large-scale landscape, with protected areas of different types. Corpoamazonia, Corporinoquia and the Parks Unit exert institutional presence in the area.
TOTAL HECTARES: 1,931,916			

Annex 20: Conservation Mosaic Selection and Priority-Setting Criteria

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

National ecosystem- gap analysis

Colombia's Alexander von Humboldt Institute carried an ecosystem gap analysis in 2003 for the National Parks System (Arango et al. 2003[69]). Ecosystems currently not represented in the National Natural Parks System (NNPS) are:

- Major lakes, lagoons and water bodies.
- Forested wetlands and flooded rain forests (several types)
- Tropical deciduous forests.
- Dry forests and thorny scrub vegetation (with the exception of Guajira Peninsula).
- Vegetation on rocky outcrops within the Amazon rainforest.
- Dry *paramos*.

Ecosystems with low representation within the NNPS.

- Alluvial riparian rain forests.
- Some types of savannah.
- Wet sub-andean forests.
- Neotropical oak forests.

The conservation of these ecosystems cannot be achieved by new protected areas of the National Parks System, since most of them occur in severely disturbed and populated regions. Conversely, new protected areas of different categories (IUCN) and governance regimes could substantially contribute to the National Protected Areas System and be integrated to landscape conservation mosaics. Thus, national ecosystem-gap analysis will be used in FUNBAP –GEF for: i) guiding the selection of complementary protected areas to be included in conservation mosaics around selected national parks, and ii) to select new core areas different from national parks for additional conservation mosaics to be included in the project.

National Park selection criteria

Among the 51 national parks, 29 were selected as eligible for GEF FUNBAP funding after the application of the following criteria: i) non existence of GEF funding, ii) not having self-generated form of financing, including concessions and water tariffs, among others.

Priority-setting methods

A multi criteria priority setting exercise was conducted for the conservation units selected. Ecological, biological, social and institutional criteria were applied. The exercise was conducted by a set of consultants with expertise in ecological and social disciplines, and knowledge about the Colombian National Parks System. Technical draft documents were used for guiding technical workshops with staff from the NPS, and wider consultations among experts and interested people. Biological criteria included the presence within the protected area of globally endangered species, with emphasis on vulnerable endemic taxa. Ecological criteria included; i) degree of representation of ecosystem types (Etter 1999[70])

[69] Arango, N., D. Armentereas, M. Castro, T. Gottsman, O. L. Hernández, C. L. Matallana, M. Morales, L.G. Naranjo, L.M. Renjifo, A.F. Trujillo y H. F. Villarreal. 2003. Vacíos de conservación del sistemas de parques nacionales naturales de Colombia desde una perspectiva ecorregional. WWF e Instituto Humboldt.
CDB. Plan de acción sobre áreas protegidas.

[70] Etter, A. 1999. Mapa de ecosistemas de Colombia. Instituto de Investigación de Recursos Biológicos Alexander von Humboldt. [The fist nation-wide ecosystem map available for Colombia, at a scale 1:1.500.000, prepared based upon remote sensing].

within the protected area in a) hectares, b) as percentage of the total ecosystems present in the park, c) as percentage of the ecosystem type at the country level, and d) as percentage of the protected ecosystems at the country level. ii) ecological functionality measured as a) the perimeter/area ratio, which gives an approximation to adequacy of form and edge effects[71], b) followed with a discussion of the conservation of the ecosystem outside the protected area (insularity). Social criteria: i) provision of the protected area of environmental goods and services with emphasis in water supply and fisheries. ii) human driven threats to the protected area (deforestation, natural resources use or abuse, pollution, etc. The above mentioned criteria were weighted, as follows:

Criteria	Weight
Endangered species	0.2
Ecological functionality	0,5
Environmental goods and services	0.2
Human driven threats	0.2

Additionally, non-weighted institutional criteria we applied, as follows i) Existence of agreements or agreements in process for conflict resolution and co-management with local populations, ii) institutional co-ordination and management at local and regional scales, iii) land use planning and sustainable development processes in the buffer zone, and iv) operational capacity of the management authority (UAESPNN). Based upon the recently produced Management Plans in all national parks, updated information was extracted and used for ranking eligible Conservation Units. Weighted averages were calculated for all selected parks, and a final ranking list was used for final consultation and political decision.

[71] It is worth noticing that ecological functionality was the criteria to which more importance was given. This criteria depicts the degree of complementarily between current conservation of the national parks (baseline) and the value-added of biodiversity long-term conservation mosaics at the surrounding landscape level (incremental value under GEF funding).

Annex 21: Security Issues

COLOMBIA: Colombian National Protected Areas Conservation Trust Fund

Colombia has been affected by violence for decades. The origins of the problem go back to the times of political violence of the 1950s, when the first insurgent groups emerged. Over time this process has given birth to diverse political tendencies in the distinct regions of Colombia. At different moments, peace negotiations and relations have advanced, leading to the demobilization of traditional guerrilla groups such as M-19 and Quíntin Lame. Despite these efforts, the subversive presence has increased in recent years, linked to the financing of their activities with resources derived from the cultivation and processing of illegal crops. Since the 1980s, the conflict has intensified as a result of the formation and financing of right-wing paramilitary groups. These groups had an original mandate to strictly reduce the influence of guerrillas in certain zones, but over time and as a result of their illegal financing from coca leaf processing and commercialization, paramilitary groups confronted guerrilla groups over territorial control in certain regions of Colombia, producing many civilian deaths and one of the world's highest episodes of forced internal displacement.

Colombian institutions continue to work within this context, including the National Parks Unit (UAESPNN) and other environmental agencies. Indeed, the location of PAs and key areas with global biodiversity importance sometimes coincides with regions affected by violence and insecurity. Part of the UAESPNN's success in these difficult regions may be attributed to the involvement of local ethnic and peasant communities through the Policy for Social Participation in Conservation (PSPC). Park officials continue to work in these areas due largely to high levels of community support for projects which they perceive provide local families with livelihood alternatives. A related strategy for internal conflict management has been designed and is currently used by UAESPNN to continually analyze conflictive situations that may arise in the National Parks System, and design and apply mechanisms that diminish the risk for national parks personnel. The UAESPNN is not only convinced that it is possible and necessary to continue to work in conflict-ridden zones, but that environmentally sustainable production and community-based solutions may contribute to peace building in Colombia. For this reason, one of the principles of the PSPC is its contribution to a construction of a peace agenda[72].

Additionally, public order considerations have been a central element in project design. Among the project sites' selection criteria was to choose national parks with strong social and institutional processes and relatively lower levels of violence, taking into account the viability of successful activity implementation. For these reasons Katios national park in the Darien was excluded despite its considerable global biodiversity importance. It is important to note that the internal security situation in the various regions may change rapidly, making it necessary to maintain flexibility during project implementation in order to reduce risks as well as take advantage of opportunities for participatory processes and local community involvement.

Illicit crops within National Parks

As in the rest of the national territory, select areas belonging to the National Parks System contain illicit crops, with their ensuing social and environmental impacts (summarized in Annex 1). Due to a lack of stable production alternatives, some buffer zone communities and groups illegally entering national parks cultivate illicit crops as a source of income generation.

[72] The policy's principles are: i) integrity, ii) coordinated work between institutions and civil society, iii) social function of conservation, iv) understanding multiple environmental systems, v) recognition and valuation of different stakeholders, vi) strategies for PA consolidation, and vii) the social construction of a peace agenda.

Despite the fact that illicit crops within national parks present a diminishing tendency, UAESPNN is executing strategies to reduce and mitigate impacts from occupation and illicit use within PAs and buffer zones. While in 2001, 18 national parks contained 6,057 hectares of illicit crops (SIMCI- United Nations project; official report), as of December 2004, 13 national parks reported 5,364 hectares of illicit crops, representing 0.04% of the National Parks System. The UAESPNN, with the support of the Office of the President, supports manual eradication in national parks as opposed to chemical fumigation, and applies the PSPC to promote territorial ordering processes based on conflict resolution and sustainable production alternatives.

A prolonged debate has intensified since last year regarding the adequacy of chemical fumigations within national parks. UAESPNN, with support from a project financed by the Embassy of the Netherlands, has been a strong advocate of manual eradication in national parks. Manual eradication as a whole in Colombia has been highly successful, with 21,800 hectares eradicated year to date (January 1st to October 7th, SIMCI). Manual eradication has been undertaken in Tayrona, Macarena and Sanquianga National Parks, accompanied by territorial ordering processes with local indigenous and peasant communities. Recently, Mr. Sabas Pretelt, Minister of the Interior, declared that the GoC will not apply chemical fumigations in national parks, but will instead implement manual eradication starting with pilot programs in Macarena national park (*El Tiempo,* October 10th, 2005). The GoC's support to manual eradication in national parks was recently ratified by the National President (*El Tiempo*, December 27th, 2005).

In conclusion, it is important to recognize the special characteristics of a country such as Colombia at the time of project design and implementation. The project has taken the national context into account these elements in its design process, and throughout project execution a continuous review of these conditions will be necessary, for in some instances adjustments will have to be made. The project may provide important support to the peace process and conflict resolution through the generation of concrete proposals that contribute to biodiversity conservation together with social and economic alternatives for sustainable use of natural resources and the improvement of local livelihoods. Additionally, given that the conservation mosaics approach is based on the integration and coordination of various stakeholders, the project will support social arrangements and collaborative initiatives. Therefore, it is important to support institutions and social groups seeking ways to continue to work within this context, and who have the longstanding experience necessary to assume project implementation in Colombia.