

PROJECT BRIEF

1. IDENTIFIERS:

PROJECT NUMBER:	CO-GE-57093
PROJECT NAME:	Colombia: Conservation of Biodiversity in the Sierra Nevada de Santa Marta
DURATION:	5 years
IMPLEMENTING AGENCY:	World Bank
EXECUTING AGENCY:	Fundación Pro Sierra Nevada de Santa Marta
REQUESTING COUNTRY OR COUNTRIES:	Colombia
ELIGIBILITY:	Colombia ratified Convention on Biodiversity on November 28, 1994
GEF FOCAL AREA:	Biodiversity
CROSS-CUTTING ISSUE:	Land Degradation
GEF PROGRAMMING FRAMEWORK:	OP4 Montane Ecosystems, OP3 Forest

2. SUMMARY: The global environmental objective of this project, and the program of which it is a part, is to conserve, restore and sustainably use the singular and heterogeneous mosaic of tropical ecosystems of the Sierra Nevada de Santa Marta. The program contains three components: (i) knowledge generation and dissemination; (ii) participation, organizational strengthening and coordination; and (iii) collaborative management and pilot sustainable development projects which includes the establishment of a trust fund to provide competitive grants to communities. The main global benefits will be the conservation of a unique and threatened eco-region, with the attendant preservation of biodiversity of global value. The trust fund will provide a long-term funding mechanism to ensure replication of conservation and development efforts throughout the eco-region.

3. COSTS AND FINANCING (MILLION US):

GEF:	-Project	9.000
	-PDF (Block A+B)	0.375
	Subtotal GEF:	9.375

CO-FINANCING:	-IA:	5.000
	-Other International:	
	French (FFEM)	1.000
	Netherlands	0.500
	-Local Contribution	1.990
	-Other	3.000
	Subtotal Co-Financing:	11.490

TOTAL PROJECT COST: 20.490

4. ASSOCIATED FINANCING (MILLION US\$)

-European Union	US\$2.4 million equivalent
-Italy	US\$1.3 million equivalent

5. OPERATIONAL FOCAL POINT ENDORSEMENT:

Name: Martha Lucia Ramirez

Organization: Ministry of Environment

Title: Minister (Ad Hoc) of Environment

Date: September 27, 1999

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COLOMBIA

CONSERVATION OF BIODIVERSITY IN SIERRA NEVADA DE SANTA MARTA

Project Concept Document

A: Project Development Objective

1. Project development objective: (see Annex 1)

Background: The Sierra Nevada de Santa Marta, a UNESCO-declared Biosphere Reserve, and the Sierra Nevada eco-region (including 13 municipalities located in 3 departments, 2 national parks, 2 major and 5 minor indigenous reserves) is a place of great importance from an ecological, cultural and economic point of view, and a complex region which has experienced social conflict of various types. The central feature of the eco-region is the Sierra Nevada de Santa Marta, an isolated mountain that is set apart from the Andes chain that runs through Colombia. Reaching an altitude of 5,684 meters above sea level just 46 kilometers from the Caribbean coast, the Sierra Nevada is the world's highest coastal peak, and encompasses an area of about 12,600 square kilometers (accounting for 60% of the eco-region's total area of 21,600 square kilometers). Because of its altitudinal variation as well as its location at 11 degrees north latitude, the Sierra Nevada contains a mosaic of biomes of global significance (nearly all the climatic zones that can be found in tropical America). Since pre-hispanic times, the indigenous peoples of the Sierra Nevada have possessed a world view, social organizations and living patterns revolving around the management and conservation of this unique environment. The Sierra is the source of 35 watersheds, which makes it the "water factory" that supplies the *Ciénaga Grande* (a complex deltaic estuary and mangrove system which is a unique habitat for birds, fish, reptiles, amphibians and invertebrates) and the 1.0 to 1.5 million inhabitants of the eco-region, underpinning economic activities on the surrounding lowlands including commercial agriculture, cattle ranching, coal mining, tourism, fishing as well as three cities with populations of more than 100,000 people. Altogether, these characteristics make the Sierra Nevada de Santa Marta unique in social, ecological and cultural terms.

In 1991, the Fundación Pro Sierra Nevada de Santa Marta (Foundation) initiated a participatory process that produced a Sustainable Development Plan for the Sierra Nevada de Santa Marta (SDP), published in February 1997 and endorsed by key stakeholders including the municipal, departmental and central governments, as well as communities and other local actors. The long-term development objective of the SDP, to which the Foundation's five year program is contributing, is to improve the quality of life of the inhabitants of the Sierra Nevada, while maintaining and restoring the region's ecosystems and cultural heritage. The SDP consists of five programmatic areas (conservation of ecosystems, strengthening of indigenous cultural identity, stabilization of the peasant population, strengthening of fundamental rights, and modernization of institutions), an educational component which covers all the areas, and a management component. GEF and World Bank support for the SDP will complement financial assistance provided by other donors, including the Netherlands, France (FFEM), Italy, and the European Union.

Program development objective: This project will contribute to the development objective of the Foundation's five-year program: better informed and organized stakeholders implementing jointly agreed actions to conserve the biological and cultural diversity of the Sierra Nevada and to use its natural resources in a sustainable manner.

Project development objective: The project's specific development objective is: knowledge base improved, and organizational and financial mechanisms for long-term biodiversity conservation established and operating effectively.

Global Environmental objective: The global environmental objective of this project and the program of which it is a part is to conserve, restore and sustainably use the singular and heterogeneous mosaic of tropical ecosystems of the Sierra Nevada de Santa Marta.

2. Key performance indicators: (see Annex 1)

Impact: # of projects funded by NGF successfully completed by the end of project, # collaborative management agreements and % being carried out satisfactorily, changes in area of critical habitats under conservation regimes, changes in area under ecologically sustainable land-use categories.

Progress: key stakeholders know main elements of eco-regional conservation strategy; 4 organizations of different backgrounds join network and begin exchange of experience in year 1; by end of year 1, management plan agreed for at least one critical area; network of conservation areas established and management plans being implemented in 75% of areas by end of project; x projects financed by NGF in critical areas at end of year 2.

B: Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project:(see Annex 1)

Document number: 17107 CO

Date of latest CAS discussion: 11/06/97

Both the Foundation's program and the project fit well with the overarching CAS objective: to attain sustainable development with continuous reduction of poverty and improvement of social conditions in an environment of peace. The CAS recognizes Colombia's global environmental importance. The project contributes to the CAS's strategic focus on sustainable development/protection and conservation of the environment which includes support for: improving natural resource management and conservation of strategic ecosystems; improving the effectiveness of the recently introduced decentralized system for environmental management; and promoting employment opportunities for the poor through environmentally sustainable projects.

1a. Global Operational strategy/Program objective addressed by the project:

Colombia ratified the Convention on Biodiversity (CBD) on November 28, 1994. The project is consistent with the GEF Operational Strategy, supporting long-term protection of globally important ecosystems. The Sierra Nevada de Santa Marta is the repository of some of the highest biodiversity on the planet and has a rich cultural heritage. This project supports conservation of biodiversity and sustainable use in montane and forest ecosystems (Operational Programs 4 and 3) as well as the cross-sectoral area of land degradation. The project is fully consistent with the principles of COP guidance as it takes an ecosystem approach to maximize biodiversity conservation under a variety of management regimes, involving a range of stakeholders including local communities, indigenous peoples, NGOs, the private sector, and local, regional and central government agencies. In addition, the proposed fund design incorporates best practice guidelines derived from the GEF Evaluation of Trust Funds.

2. Main sector issues and Government strategy:

Main Sector Issues: Colombia is recognized to be one of the "megadiverse" nations in the world. Despite the fact that it accounts for only 1% (1.14 million square kilometers) of the world's land area, nearly all the world's ecosystems are represented in Colombia with a correspondingly high diversity of species (10% of global biodiversity). However, Colombia's strategic eco-regions are experiencing rapid deterioration, which is a major threat to their biodiversity. Where national parks were established (71% of the legally protected areas and 9% of Colombia's land area), they were created under a centralized regime, generally without regard for the social and economic conditions that prevailed in and around the parks. An enforcement/policing approach combined with a shortage of financial and human resources, the remote location and difficult access to many of the areas, and the presence of armed groups in and

around some of the key parks have been major obstacles to effective conservation and protection of biodiversity in the national parks system.

Outside the protected areas, the most important direct sources of loss of biodiversity are colonization of new areas and inappropriate land use, in particular the enormous increase in the area under pasture for extensive livestock production. Cultivation and eradication of illicit crops with herbicides, particularly in the Amazon, is another serious problem. Indirect causes of deterioration include inadequate policies, major infrastructure projects, lack of awareness and poor understanding of services provided by the ecosystems and of traditional management practices, lack of adequate technologies, and weak institutional capacity and coordination. In addition, many of the most important areas of the country from a biodiversity point of view are those where the State presence is weak, and insecurity and armed conflict are serious problems. Precarious living standards of culturally diverse rural populations inhabiting strategic eco-regions contrast sharply with the rich biodiversity of these places.

To summarize, key sector issues are: how to make management of protected areas more effective and consistent with social and economic conditions; how to promote improved land use in order to recover and conserve critical ecosystems and natural resources; how to promote inclusion of biodiversity concerns into sectoral policies and investment decisions; how to improve understanding; how to strengthen institutional capacity and coordination; how to achieve sustainable biodiversity conservation in the midst of an insecure and conflictive environment; and how to improve the quality of life of inhabitants of strategic eco-regions.

Government Strategy: The critical sector issues cited above are addressed in the Government's strategy contained in the National Development Plan, National Policy on Biodiversity, and National Action Plan for Biodiversity. The National Development Plan for 1998-2002, *el Cambio para construir la Paz*, defines the overall objective of Colombia's environmental policy as: "restoring and conserving priority areas in strategic eco-regions, while fostering sustainable regional and sectoral development in the context of constructing peace." The Plan's three main objectives and seven programs for the environment include: (i) restore and conserve strategic eco-regions (water, biodiversity, forest programs); (ii) promote sustainable regional and urban development (endogenous production systems, and quality of urban life programs); and (iii) seek environmentally sustainable sector development (clean production, "green" markets). Water is treated as an inter-sectoral theme to articulate actions, and improved management of the principal watersheds is a key area for investment. The approach in the Plan is integrated, the locus of action is the region, citizen participation is emphasized, alliances between various actors in the public and private sector are encouraged, and the reconciliation of social and conservation objectives is sought with special attention to the concerns and potential contributions of indigenous and black communities.

The decision to involve communities in collaborative management of protected areas in the national parks system is an important policy change signaled in the Plan and endorsed by the National Environmental Council in August 1999. The new policy entitled "Policy for Consolidating the National System of Protected Areas on the Basis of Social Participation in Conservation" marks a significant change from the traditional restrictive and exclusionary approach which is inherent in Colombian laws which predate the 1991 Constitution. The new policy focuses on the social dimensions of conservation and seeks to improve the effectiveness of conservation in protected areas by involving local communities which implies a diversity of methods including collaborative management. The policy explicitly recognizes the conflicts created by the restrictive nature of the laws, arguing for transitional mechanisms which recognize that people are living in and depending on the parks and surrounding areas and that this is not necessarily incompatible with conservation of ecosystems. One of the important objectives of the policy is to contribute to solving conflicts over the occupation and use of protected areas and buffer zones, including those related to the overlapping areas of parks and communally titled lands of indigenous and black communities.

The Development Plan's biodiversity program is based on the National Policy on Biodiversity adopted in March 1997 which seeks a more just and equitable distribution of the costs and benefits derived from biodiversity. The Policy defines three broad areas for action: knowledge, conservation, and sustainable use of biodiversity. A technical proposal for a Biodiversity Action Plan was published and presented to the Ministry of Environment in late 1998 (*Colombia biodiversidad siglo XXI*). The Action Plan contains a long term vision (25 years) as well as a medium term (10 years) and a short term (4 years) set of objectives and actions. The three broad areas serve as the framework for the ten strategies/objectives contained in the Policy, each is presented with a set of activities and monitorable indicators for results and implementation progress. They are as follows:

- **Knowledge:** characterization of the components of biodiversity; recuperation, protection and dissemination of traditional knowledge.
- **Conservation:** the conformation and consolidation of a national system of protected areas; reduction in processes causing a deterioration in biodiversity; restore ecosystems and recuperation of species; promotion of ex situ conservation.
- **Sustainable Use:** promotion of systems for sustainable management of renewable natural resources; sustainable development of the economic potential of biodiversity; develop systems for establishing the economic value of biodiversity components.

The Government has designated the Sierra Nevada de Santa Marta as one of the strategic eco-regions to be supported under the Development Plan. The objectives and strategies in the SDP, the Foundation's five-year program and this project are fully consistent with the Government's strategy as presented in the Development Plan, Biodiversity Policy and Biodiversity Action Plan. In addition, the National Planning Department has indicated that the Foundation's five-year program fits within the Government's multi-sectoral program for development of the Caribbean region, *Plan Caribe Siglo XXI*, for which it has requested additional support from the Bank.

Colombia is in the midst of one of its most serious macro-economic and fiscal crises which is resulting in drastic reductions in the central government's budget, particularly for investment. The environment and agriculture sectors have been hit particularly hard. This crisis provides a strong impetus to develop creative solutions for financing and implementing sector policies and carrying out new investment. Partnerships between the various levels of government, civil society, the business community, and international agencies are being actively sought.

3. Sector issues to be addressed by the project and strategic choices:

The project addresses the full range of issues discussed and promotes implementation of the knowledge, conservation and sustainable use strategies contained in the National Biodiversity Policy and Action Plan enumerated above. A strategy of particular relevance in the Sierra Nevada which is being supported by the project is the recuperation, protection and dissemination of traditional knowledge. An issue of particular concern is: how to make management of protected areas more effective and consistent with social and economic conditions. The change in protected areas policy concerning communities living in and around the national parks, recently approved by the National Environmental Council, is an important opportunity to resolve issues which have generated considerable conflict in the Sierra Nevada. The project will support the process initiated in May 1999 between a key indigenous organization and the Parks Unit to develop a collaborative management plan for the Sierra Nevada park. The Foundation's approach to biodiversity conservation is based on building social consensus and agreement between key actors on conservation actions, rather than creating new restricted areas or expanding existing ones without social support.

Another key strategic choice in project design which has been endorsed by the Government is for the Foundation to be in charge of developing and implementing the GEF project as well as the LIL (Bank loan to the Government of Colombia) including the establishment of a Non-Governmental Trust Fund (NGF). This marks the continuation of the partnership between the central government and the Foundation: key processes initiated by the Foundation, such as the development of the Conservation Strategy in 1991 and the subsequent development and publication of the SDP in 1997, have been endorsed and promoted by the National Planning Department, the Ministry of the Environment and the three regional Governors. The Foundation is recognized by the Government for pioneering an integrated, participatory approach to eco-region management which promotes alliances between key stakeholders. The Government has created a permanent consultative body, the Regional Environmental Council, chaired by the Minister of Environment and including a broad range of participants, to coordinate and monitor implementation of the SDP.

The decision to create a NGF is another important strategic choice which was based on the outcome of a GEF Block A feasibility study which concluded that the proposal to establish a NGF as a sustainable financing mechanism for conservation and sustainable use of natural resources in the Sierra is well-founded. The Regional Environmental Council has endorsed creation of the NGF as a means of raising funds from national and international sources which would otherwise not be channeled through a Public Fund, and as a vehicle for ensuring that the SDP gets under way. The NGF is envisaged as a contribution from international agencies, civil society and the business community to the implementation and long term viability of the SDP.

C: Project Description Summary

1. Project components (see Annex 1):

The cost table below presents the financing plan for the Foundation's five year program which is being supported by the World Bank, GEF, French Global Environment Fund (FFEM) and other donor financing.

Component	Indicative Costs (US\$M)	% of Total	GEF financing (US\$M)	% GEF	Bank-Financing (US\$M)
1. Knowledge Generation and Dissemination	3.19	24	1.50	17	0.62
2. Participation, Organizational Strengthening and Coordination	3.31	16	1.20	13	1.33
3. Collaborative Management and Conservation in Selected Areas					
3.1 Collaborative Management and Pilot Projects	5.03	24	1.00	11	2.05
3.2 Network of Conservation Areas	0.96	5	0.80	9	0.00
3.3 Non-Government Fund*	8.00	39	4.50	50	1.00
Sub-Total Component 3	13.99	68	6.30	70	3.05
Total Project Costs	20.49	100	9.00	100	5.00

*total amount does not include cofinancing of NGF funded projects by beneficiaries and others.

The Foundation's five year program contains three components:

Component 1. Knowledge Generation and Dissemination. A critical activity under this component is the development of a comprehensive strategy of biodiversity conservation in the Sierra Nevada ecoregion, including the definition of conservation targets and a baseline for monitoring. Strategy development is being financed by the FFEM, and will contribute to the final design and orientation of GEF supported activities. The component will also support: the design, putting in place and operation of a biodiversity monitoring system; key studies and action-research related to urban environmental issues, sustainability of rural production systems, and economic valuation of environmental goods and services; design and implementation of a strategy for the generation, exchange (including an intercultural dialogue) and dissemination of knowledge which will be a key underpinning for Component 3; and monitoring and evaluation of the Foundation's program and the individual projects (in particular GEF and LIL). GEF support will be focused on: the biodiversity monitoring system, the promotion of knowledge exchange and dissemination particularly concerning the biodiversity conservation strategy and indigenous conservation practices, analysis of the production systems relative to biodiversity conservation, project monitoring and evaluation, and dissemination of the Foundation's experience to others outside of the region.

Component 2. Participation, Organizational Strengthening and Coordination This component will support the continuation of the Foundation's participatory approach to working with and strengthening community, local and regional organizations, with special outreach efforts for indigenous organizations and peasant farmers. Activities include: technical support to the entities responsible for coordinating implementation of the SDP; promotion of a network of stakeholders (community, business, and institutional) who are committed to conservation and collaborative management of the Sierra Nevada; support for the consultation process between indigenous organizations, the parks unit and peasants living inside the parks/reserves concerning collaborative management; and design and implementation of a strategic plan for strengthening the Foundation as it assumes new responsibilities such as management of the NGF. The costs associated with project management and administering the NGF will be financed under this component, including the annual external financial audit. GEF support will be targeted to establishment of the stakeholder network, the consultation process in parks/reserves, and the institutional strengthening of the Foundation related to management of the NGF, as well as the incremental project management costs.

Component 3. Collaborative Management and Conservation in Selected Areas This is the core investment component of the five-year program, which is facilitated by work under components 1 and 2. The component consists of three sub-components, with inter-linkages: (i) development and implementation of collaborative management plans (sub-component 3.1); (ii) establishment of a network of conservation areas (sub-component 3.2); and (iii) establishment of a non-governmental fund (NGF) to support implementation of the SDP and the ecoregional conservation strategy over the long term. A first set of the regions where work on collaborative management and conservation activities will be focused have been identified, but will be further refined through process of additional consultation with local stakeholders. These regions have been identified using a cluster of criteria: (i) cultural value, (ii) socio-economic dimensions (such as existence of conflict over land use rights, potential for improving revenues of the poor through conservation), (iii) operational considerations (including the security situation and complementarity with on-going activities), and (iv) ecological significance.

The preliminary list of seven priority regions (large watersheds, or combination of watersheds, areas of between 50,000-100,000 hectares) that have been identified by applying these criteria includes the following areas: (1) the watersheds of the Guachaca and Buritaca rivers; (2) the watersheds of the Frío and Sevilla rivers; (3) the watersheds of the Ancho and Jerez rivers; (4) the area between la Loma de los Bañaderos and the watershed of the Ranchería river, south of the Guajira; (5) the watersheds of the

Badillo and Candela rivers in the Atánquez region; (6) headwaters of the Los Clavos and Ariguaní rivers (Pueblo Bello, Minas de Iracal); and (7) *paramo* and glacier lakes ones (see attached map). The eco-regional conservation strategy referred to in Component 1 will be an important input into making a final selection of five regions and pilot areas.

Sub-Component 3.1 Collaborative Management and Pilot Projects This sub-component will support the development and testing of a participatory methodology for bringing together key stakeholders within a given level of the ecosystem (region--watershed or group of watersheds, micro-watershed, farm/family unit) to develop collaborative management plans. Based on the experience of preparing the SDP, it is likely that water will be a common concern of many stakeholders. The project will promote mutually beneficial agreements between users in lowlands and urban centers, and rural populations in the Sierra, applying economic incentives to watershed recuperation and protection initiatives. It is expected that this will reorient use practices toward sustainability and increase the living standards of people that are currently developing high impact activities with decreasing incomes. The promotion of sustainable production systems for small farmers which contribute to biodiversity conservation will be a focus of investment; the criteria for judging whether production systems are sustainable and biodiversity friendly include: sustainability of the intrinsic productive capacity of the soil, equilibrium between supply and demand for water, conservation and management of biodiversity (e.g. reduce fragmentation of habitat, etc.), sustainable production techniques (e.g. optimization of the material and energy cycles within the productive unit, etc.), and socio-economic factors (e.g. cost minimization, optimal use of family labor, etc.). GEF will support the incremental costs of implementing the participatory methodology in areas critical for conservation, including existing protected areas, as well as the development of biodiversity friendly production systems for investment support through the Bank LIL and the NGF.

Sub-Component 3.2 Network of Conservation Areas. This sub-component supports a stewardship approach to the management of protected areas, and finances the constitution of a network of conservation areas in the Sierra which would connect the remaining areas under forest and traditional agricultural systems in order to conserve and, where appropriate, restore ecological functions and biological corridors. These areas will form a "portfolio" of conservation areas and will be relatively small in nature (a few hundred to a few thousand hectares in size). Their specific geographic configuration will be determined by the outputs of the ecoregional strategy and through the consultation process described above under component 3.1.

The specific management categories of these conservation areas will be defined through the zoning process of each region (see map), and will be compatible with the ecoregional conservation strategy. These areas will be under local management (municipal, private, indigenous sacred areas, and conservation areas within managed rural landscapes). Outside the National Park, the GEF will finance delimitation, demarcation, and the development of management plans. Inside the National Park, the GEF will support the implementation of collaborative management with indigenous communities as contemplated in the management plan under preparation.

Sub-Component 3.3 Non-Government Fund (NGF). This sub-component will support the establishment and initial operations of a NGF to be set-up and managed by the Foundation. The fund will provide competitive grants to communities and partner agencies for a range of projects related to conservation and sustainable use of natural resources in the Sierra Nevada eco-region. The target capital endowment size by the end of the five-year program is US\$5.0 million. In addition, sinking funds totaling US\$3.0 million would fund critical sub-projects during the start-up period of the NGF to provide sufficient time for interest income to be generated. GEF would provide US\$3.0 million to the endowment and US\$1.5 million to activities funded on a sinking basis. The NGF will leverage additional resources in the form of cofinancing of projects by beneficiaries and partner agencies. The disbursement of GEF's

capital contribution would be phased and tied to the Foundation's success in raising capital from other sources. GEF funds will only be used to finance projects consistent with GEF funding principles.

2. Key policy and institutional reforms to be sought:

The existing policy and institutional framework in the sector are adequate and would not inhibit project viability and sustainability. The project would help put into practice at a regional and local level many of the innovative policies mandated by the 1991 Constitution (environmental protection, recognition of indigenous identity and provision for creation of Indigenous Territorial Entities, community participation and administrative decentralization). In the context of the preparation of the proposed WB/GEF Andes Biodiversity project, the Ministry of Environment has indicated that they are studying the definition of regulations to create economic incentives for conservation activities which would be helpful for this project as well. Finally, the project will support efforts to apply the new parks policy on collaboration with communities in the Sierra Nevada park and its buffer zone.

3. Benefits and target population:

The underlying premise of the project is that the generation of local benefits from the sustainable use of natural resources is both a condition and consequence of biodiversity conservation. In the Sierra these benefits would be primarily focused on low income and vulnerable groups that inhabit the rural areas i.e. indigenous people (a population estimated to be 32,000) and peasants (a population estimated to be 150,000). It is expected that they will accrue economic benefits, monetary and non-monetary, from the development of sustainable production systems (on suitable existing cultivated areas) and remuneration for ecological services. Ecotourism activities or marketing of non-timber organic agricultural products may also be sources of increased monetary income. Social benefits will be embodied in greater social cohesion and cultural validation. Bearing in mind that the project will intervene in prioritized areas, some benefits (especially economic) will concentrate on specific geographic places and populations. However, the long-term strategy supported by the NGF is to replicate successful initiatives throughout the Sierra Nevada and its area of influence.

The main environmental benefits would be the conservation of a unique and threatened eco-region, with the attendant preservation of biodiversity of global value. The project will provide valuable lessons concerning participatory approaches to the production and dissemination of knowledge, and its application through collaborative management systems directed toward the sustainable use and conservation of biodiversity. The NGF will provide a long-term funding mechanism to ensure the replication of these conservation and development efforts elsewhere in the Sierra Nevada area.

4. Institutional and implementation arrangements:

Implementation Period The GEF project will be implemented over a period of five years (mid-2000-2005). The Bank-supported LIL is expected to be approved in December 1999, with start up in early 2000.

Project Coordination The Fundación Pro-Sierra Nevada de Santa Marta (Foundation), a private non-profit organization, will be the recipient of the Grant and the project implementing agency. The NGF will function as an independent account within the administrative and legal structure of the Foundation. The Foundation will carry out the financial management and administration of the NGF, while decisions concerning the allocation of resources to specific projects will be made by a technical committee of independent experts. The specific policies and procedures for management and allocation of NGF resources will be stipulated in Operating Rules and an Operating Manual. Particular attention will be paid to design operational policies and procedures which are clear, transparent and avoid conflict of interest.

Coordinators will be chosen for the project and the NGF, and will work under the supervision of the Executive Director of the Foundation.

Partner agencies The Foundation will be the project implementing agency, but will continue its long established practice of working in close collaboration with local community groups, NGOs, indigenous authorities, municipal and departmental governments, and regional and national institutions including universities, research institutes such as Alexander von Humboldt, Regional Autonomous Corporations (the regional environmental authorities), and the National Parks Unit. Projects financed by the NGF will be proposed and implemented by partner agencies.

Project oversight and policy guidance The Foundation's 22 member Board of Directors is composed of representatives of key central and regional government agencies, community organizations and prominent individuals. The Board will provide direct oversight and policy guidance for project activities. As stipulated in the Foundation's statutes, it also has three regional committees, one for each of the eco-region's three departments (the political/administrative level between the local-municipal governments and the national government), which are open to participation of all those interested in the Foundation's work. The regional committees meet quarterly with the Executive Director of the Foundation and have proven to be an effective means of consultation and coordination. The Regional Environmental Council for the Sierra Nevada de Santa Marta, a broadly representative body of key stakeholders which is chaired by the Minister of the Environment, will also provide oversight in its capacity as the coordinating and consultative body for implementation of the SDP. Oversight and guidance by indigenous authorities will be ensured through the Committee for the SDP (*Comite Directiva*) created at their request in March 1998, which includes the Minister of Environment, Presidential Advisor for the Atlantic Coast, the General Director for Indigenous Affairs in the Ministry of the Interior, and leaders of the 4 indigenous organizations in the eco-region--*Organizacion Gonawindua Tayrona, Confederacion Indigena Tayrona, Organizacion Yugumauin Bunkuanarrwa Tairona, Organizacion Indigena Kankuama*. The Foundation serves as the Committee's technical secretary.

Accounting, financial reporting and auditing arrangements A financial expert carried out an assessment of the Foundation's financial management in May 1999, in particular its accounting, budgeting and control systems, and auditing. He concluded that the Foundation has sound financial management with good systems in place and a well qualified financial director with considerable private sector experience. In view of the increased funds to be managed when the LIL and GEF supported activities start-up, and the new responsibilities the Foundation will take on with establishment of the NGF, it was agreed that a plan for strengthening the financial department would need to be developed and implemented. This plan will be available and details agreed by project appraisal in February 2000.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

Four project alternatives were considered and rejected. The **first** alternative considered was a project concentrated on punctual interventions without the eco-regional vision. This alternative, although in principle more attractive in terms of demonstrating short term results, was rejected because it was likely to result in isolated non-replicable efforts which would not contribute effectively to recuperating the integrity and functionality of the mosaic of ecosystems in the Sierra. For instance, the establishment of biological corridors through the entire Sierra requires an integral approach based on a phased strategy of priority interventions. Therefore, it was decided that the development of a comprehensive biodiversity conservation strategy for the eco-region is a priority at the beginning of the program; it would be used to select the critical areas where project efforts will be focused and choice of interventions to be tested. The scope of the project would gradually expand based on successful experiences.

The second alternative considered was a project concentrating on the creation of new protected areas of restricted use under government direction/management. Much of the area of the eco-region is already under protected status: the two national parks established in 1964 account for 20% of the land area in the eco-region and nearly 34% of the area of the mountain. Much of the park area overlaps with indigenous reserves which also have a special legal status; the combined area of parks and reserves account for 28% of the area of the region and nearly half the area of the mountain. In view of the social complexity of the Sierra Nevada and explosive social issues concerning land, this alternative was rejected since: (i) the medium to long term benefits would be uncertain, since the fundamental causes of pressure on protected areas would not be corrected; the failure of 'paper parks' and their costly enforcement and regulation schemes have been documented (Brown & Mitchell 1998); and (ii) it would compromise the social sustainability of the project. Therefore, taking into account the social complexity of the Sierra Nevada and the acknowledged strengths of traditional indigenous management practices, the approach of collaborative management under a stewardship approach is considered most appropriate. The newly approved national protected areas policy supports this approach.

The third alternative examined was to rely on existing financing mechanisms for project implementation; these include: (i) the government budget, (ii) ECOFONDO, and (iii) the Public Fund for the Sierra Nevada created in late 1996. The current fiscal crisis in the public sector has brought out clearly the dangers of relying on annual government budget appropriations for financing of long-term conservation in critical ecosystems. ECOFONDO (in existence for 6 years) was evaluated under the Block A grant and found to be an unsuitable alternative because it was highly dependent on two funding sources which limited its operational capacity, and was a national entity which did not have the necessary knowledge of the complex dynamics of the Sierra Nevada to be effective; in addition, community organizations in the Sierra were weaker than those in many other parts of country and would have trouble competing for funds. The Public Fund for the Sierra Nevada was similarly found to be unsatisfactory, as it is a sub-account in the Ministry of Environment's budget which exists only on paper. It has no independent administrative structure, legal status, authorized funds, or operating rules. As part of the Ministry's budget, the Public Fund is subject to the vicissitudes of the overall government budgetary and fiscal situation, hindering stability of funding through this instrument. For all these reasons, existing financing mechanisms were discarded as options for project implementation.

Finally, the fourth alternative explored was the creation of an independent NGF (separate from the Foundation). During the preparation process, it became evident that most of the characteristics which the GEF Council's *Evaluation of Experience with Conservation Trust Funds* (1998) found to be critical ingredients for success were possessed by the Foundation. The Foundation had consolidated an institutional leadership role in the region throughout 12 years of active presence and direct involvement with communities and key stakeholders. As a result, it has a good understanding of the clients the NGF is to serve. The Foundation has also developed a positive national and international reputation backed by proven 'know-how'. It works closely with partner NGOs, such as The Nature Conservancy, which are providing mentoring on NGF issues, and also with multilateral and bilateral partners (such as UNDP, European Community, France, the Netherlands, Italy). Hence, it possesses advantages for successful fundraising. A NGF constituted as part of the Foundation also has the advantages of a defined structure, and the logistical and administrative facilities required for its launch and consolidation which could help reduce the start-up time and keep down administrative costs. Therefore, it has been agreed that the most cost-effective alternative with the highest probability of success is for the NGF to be established within the Foundation.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Develop the policy, institutional and technical base for sustainable natural resource management within decentralized framework, with emphasis on forestry sub-sector and Pacific Coast region	Natural Resource Management Program (Ln. 3692)	S	S
Develop operational capacity to carry out an ambitious ten-year, community led, multi-sectoral development program in one of the most conflictive regions of Colombia	Magdalena Medio Regional Development Project/LIL (Ln. 4371)	S	S
Develop methodology for establishment and operation of <i>zona de reserva campesina</i> for areas of colonization affected by violence, illicit activities and degradation of natural resources	Peasant Enterprise Zones for Peace Project/LIL (Ln. 4363)	S	S
Provide matching grants for investment projects to be carried out by municipalities and communities in order to increase incomes and living standards of rural communities	Rural Development Investment Program (Ln. 3250, completed with satisfactory outcome)		
Other development agencies			
UNDP	Indigenous consultation on the sustainable development plan for the Sierra Nevada de Santa Marta (implementation)		
European Community	Sustainable Development of the Sierra Nevada de Santa Marta (just starting up)		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

World Bank project support related to biodiversity conservation is as follows. The Natural Resources Management Program is related to this project proposal through the following components: (i) the establishment and demarcation of indigenous territory, (ii) the analysis and strengthening of the regional environmental bodies, and (iii) the sustainable management of national parks (financed by the Netherlands).

One WB/GEF project is being implemented in the Choco region: "Sustainable use of Biodiversity in the Western Slope of the Serranía del Baudó" (MSP). Executing Agency: *Fundación Natura Colombia*. The objective of this MSP is the development of a strategy for the sustainable use of biodiversity in the western slope of the Serranía del Baudó in a joint effort between governmental institutions and civil society, and for the benefit of the local communities.

Four additional WB/GEF projects are under preparation in other parts of Colombia:

1. "Community Based Management for the Naya Conservation Corridor (MSP)". Executing Agency: *Fundación Proselva*. The objective of this medium sized project is to develop and implement a community based management and monitoring plan of biodiversity endorsed by local communities and government, to be the long term guide for future development in the region. Block A granted.
2. "Conservation and Sustainable Development of the Mataven Forest (MSP)". Executing Agency: Etnollano. The objective of this MSP is to support the establishment and demarcation of indigenous territory as a strategy for natural resources conservation. It is working on the creation and management of the first "Indigenous National Park" as a strategy for the conservation and the sustainable use of biodiversity in Mataven forest in the Amazon region.
3. "Conservation and Sustainable Use of Biodiversity in the Andes Region". Executing Agencies: Von Humbolt Institute/Ministry of Environment/Regional Corporations/NGOs. The overall objective of the proposed project is to support the implementation of the National Biodiversity Plan in the Andes Eco-regions and assist in the application of key strategies for the conservation, sustainable and equitable use, and improved knowledge of biological resources in the critical areas of the Andes region. Block B granted.
4. "Conservation and sustainable use of the marine resources of the Archipelago of San Andres, Old Providence, and Santa Catalina through the establishment of a regional system of multiple-use marine reserves". Executing Agency: CORALINA. Primary project objectives include conservation of critical habitats to protect and restore species diversity, sustainable marine and coastal resource use, and equitable benefit distribution. These objectives are vital to the social and economic survival of the native culture. Community involvement and both formal and informal training in multiple-use MPA management will be given particular attention. Block A granted.

The UNDP/GEF "Conservation of Biodiversity in the Choco Biogeographic Region (Bio-Pacífico)" has recently been completed and evaluated; a second phase of this project has recently been discussed with the Government, main bilateral donor, and UNDP. The project's overall objective was to contribute elements which would permit consolidation of a new development strategy for the Choco Biogeográfico, based on application of scientific knowledge and identification of options for management of biodiversity in collaboration with local communities which guarantee its protection and sustainable use. The evaluators found that the project was designed by a group of experts, and did not fully take into account the complex and changing reality of the region. However, both the evaluators and Ministry of Environment believe that through adjustments made in the course of implementation, the project was able to make a significant contribution, in particular a greater awareness and involvement of institutions and communities in the region with conservation of biodiversity.

Key findings and lessons relevant for the design of new projects include: (i) the project design process should have included community involvement, and an operational strategy for participation should have been defined at an early stage; (ii) the monitoring and evaluation system should have been established when the project started-up to provide management information and to support learning-by-doing; (iii) a communications strategy--both towards the media and communities--is a critical element of this kind of project; (iv) an integrated approach (across programmatic areas) within given geographical areas which promotes agreements between key local actors proved to be an excellent approach; and (e) a project unit semi-autonomous from the government and with a horizontal, flexible project management approach is recommended as most appropriate to deal with the rapidly changing socio-political and institutional

environment in which the project was carried out. These critical lessons are consistent with the Foundation's approach and have been integrated into design of this project proposal.

There is no geographic overlap between the above projects and this project. However, there is considerable thematic congruence and regular exchanges of information and experience among the projects would be valuable. The Government has indicated that it plans to promote at the national level a network of partner agencies, all working in different eco-regions of the Andes, in order to: promote information exchange and knowledge sharing, develop a common framework for monitoring and evaluation of biodiversity conservation, and propose revisions of the legal framework for conservation. This project and the Foundation would participate in the network.

3. Lessons learned and reflected in proposed project design:

The Conservation Strategy and the SDP concluded that sustainability demands **an integral approach in which the Sierra is managed as aneco-region**. Isolated efforts may stop degradation processes in the short term but will hardly reverse the major tendency of biodiversity loss because the underlying causes remain unattended. A proven case is reflected in the situation of the two National Parks in the Sierra. Since their establishment, use pressures from outside and within their boundaries have permanently threatened these areas, making their management expensive and conflictive. Today, both Parks are isolated areas in danger of becoming dysfunctional patches unless an integral strategy is developed for the Sierra. In a similar way, the links between low and highlands need to be strengthened, since the conservation of biodiversity also depends on the effective commitment of urban communities and key economic sectors of the lowlands that depend directly on the provision of ecological services from the Sierra. In the past, the lack of active efforts to involve stakeholders from the lowlands has led to a lack of conscience about the strategic value of the Sierra. Sustainability in the eco-region requires the active concourse of all Sierra inhabitants including those in the direct areas of influence, and the project would support greater involvement of lowland dwellers, regional governments and the private sector through the knowledge dissemination activities and promotion of collaborative management of specific areas.

Another important lesson of experience is the acknowledgment of the **multidimensional character of ecosystem sustainability**. The national parks were designed on paper disregarding the social, cultural and economic context of the Sierra. Involvement of local inhabitants was excluded, creating a government-civil society dichotomy and making conservation socially unacceptable from their perspective. Although in recent years this approach has been gradually changed by the Parks administration, and as a result of the continuous work of the Foundation and other NGOs, there is a strong need to develop a participatory strategy based on the generation of local social, cultural and economic benefits from sustainable use and conservation of biodiversity. The recently approved national protected areas policy confirms the need for such an approach, and the three components of the Foundation's program, of which this project is a part, will link the ecological, social, cultural and economic dimensions of the eco-region.

Another lesson reflected in the project design is the **importance of participation of indigenous groups and sharing of their beliefs and knowledge** with the rest of the inhabitants of the Sierra. During the process of developing the SDP, indigenous authorities, representing the four ethnic groups from the Sierra, publicly expressed their desire to ensure the maintenance of the ecosystems' integrity through conservation and promotion of traditional sustainable development options. Therefore, supporting indigenous groups in the management of these areas builds upon the synergistic potential brought about by two complementary objectives: biodiversity conservation and the right of indigenous people to self-determination. In fact, the Colombian Constitution recognizes the compatibility of indigenous management of the territory and conservation objectives. At an academic level, the indigenous model in the Sierra has been extensively studied, confirming the relevance of its precepts and content in terms of conservation (Reichel Dolmatoff 1982; Reichel Dolmatoff 1990). The project also aims to generate an

applied learning process about the indigenous model so its lessons can be replicated more broadly. Participation of indigenous people is a fundamental element of the Foundation's program and is being integrated into all stages of the project cycle.

Based on the Foundation's work in environmental education over the past few years, it has concluded that the **sharing and dissemination of knowledge** as part of an intercultural dialogue, is essential for the project's success. In the places of the Sierra where the Foundation has systematically worked in environmental education over several years, such as the Congo and Alto de Mira stations, community consciousness and support to conservation efforts is much greater than in other areas where sporadic efforts have been made. Consequently, the project puts an emphasis on this as a critical part of its strategy for promoting collaborative management (component 3). Provision is also made to include support for dissemination more broadly to interested parties outside the immediate Sierra Nevada region, so that lessons from this model/experience can contribute to replication elsewhere.

The **design of the NGF** is being done in consultation with key stakeholders in Colombia and the Sierra Nevada eco-region, and takes into account the recommendations of the GEF Council's *Evaluation of Experience with Conservation Trust Funds* (1998). The four conditions judged to be essential for a successful trust fund are taken into account as follows: (i) commitment of 10 to 15 years: *the Foundation has been in existence 13 years and has a long-term and exclusive commitment to contributing to the conservation and sustainable development of the Sierra Nevada eco-region*; (ii) active Government support for public-private sector mechanism outside of Government control: *the central Government has formally indicated its agreement with the NGF proposal in its endorsement of this project and is actively participating as a member of the Regional Environmental Council and Committee for the SDP (indigenous organizations); the governors of the three Departments in the Sierra as well as municipal authorities have endorsed the SDP and, more recently in the Regional Environmental Council, the GEF project concept*; (iii) a critical mass of people from diverse sectors of society working together: *this is evidenced by the Foundation's ability over the last 8 years to motivate and engage a broad spectrum of people and institutions to prepare and initiate implementation of the SDP*; and (iv) a basic fabric of legal and financial practices and supporting institutions in which people have confidence: *Colombia has a relatively long history, compared to many developing countries, of strong and vibrant private foundations with solid financial and legal underpinnings; in the process of consultation with key stakeholders about the establishment of a NGF for the Sierra Nevada, they have expressed confidence in and a preference for a privately managed fund.*

4. Indications of borrower and recipient commitment and ownership:

The SDP, to which the Foundation's program is contributing, has been endorsed by key stakeholders including the municipal, departmental and central governments, as well as communities and other local actors. The Government has identified the Sierra Nevada de Santa Marta eco-region as a priority in the National Development Plan, and the Foundation's program is fully consistent with the National Biodiversity Policy and Action Plan. The project is a top priority for the Foundation and has been endorsed by the GEF Focal Point (Endorsement Letter of September 27, 1999), the Regional Environmental Council, and the National Planning Department and Ministry of Finance who have requested a US\$5.0 loan from the Bank to complement the GEF funds. The Foundation has demonstrated its commitment through its efforts over the past 13 years, and with respect to the GEF, was the driving force in securing Block A and Block B resources to prepare the project. The Foundation has also obtained bilateral funding from the Netherlands and France, as well as international funding from UNDP.

5. Value added of Bank and Global support in this project:

The Bank has a long experience supporting integrated rural development in Colombia. The more recent World Bank experience with the Natural Resource Management Program (which has a regional focus in

the Choco Biogeografico, another area of high global significance) and with the Magdalena Medio Regional Development project (which is being implemented by an NGO in an extremely conflictive social environment) have given the Bank insight into ways to tackle critical issues in carrying out this program which will be shared with the Foundation and contribute to project design. The Bank has an important comparative advantage in assisting in the design and implementation of the Trust Fund as it has already been involved in 7 existing conservation funds worldwide and is in the process of preparing 12 more. The Bank is one of the most experienced institutions in facilitating the creation of GEF supported Trust Funds, and, as one of the GEF implementing agencies, is in a good position to facilitate the release of GEF resources.

GEF support is warranted given the global significance of the eco-region. GEF funding will make possible solid and sustainable attention to biodiversity conservation, and establish a sustainable financing mechanism not otherwise possible; it will also support the broad dissemination of the lessons from this experience which has already been internationally recognized for its pioneering nature. The Bank LIL will complement the GEF funding with more emphasis on sustainable production systems and broader development concerns that generate local and national benefits. The combination of IBRD and GEF support for the Foundation's program generates a leverage effect that captures the integrality of the SDP.

E: Issues Requiring Special Attention

1. Economic Economic evaluation methodology: Incremental Cost

An incremental cost analysis is provided in Annex 4. This will be finalized prior to CEO endorsement, based on final preparation costs reviewed at appraisal (February 2000).

2. Financial Summarize issues below

Financial issues to be resolved prior to appraisal and final CEO endorsement relate primarily to the financial structuring of the NGF. Specific steps remaining include: (i) design and adoption of the fund-raising strategy (December 1999); (ii) definition of the Asset Management Strategy for NGF endowment and sinking capital funds (January 2000); and (iii)) agreement on the triggers for release of GEF capital (end February/early March 2000).

In addition, the Bank team will provide technical support during final preparation on methodologies for assessing the economic value of environmental services and design of incentive mechanisms to promote sustainable use and management of natural resources (such as user fees). Reaching consensus on the application of such incentive mechanisms and testing them in the ecoregion would be supported during project implementation.

3. Technical Summarize issues below

Technical issues to be addressed during final preparation relate primarily to activities included under component 3 – Collaborative Management and Conservation in Selected Areas – which contains the major, on-the-ground investments planned under the project. Information is provided below on three main clusters of issues: (i) the Ecoregional Conservation Strategy; (ii) selection of priority zones for conservation and sustainable use interventions; and (iii) biodiversity-friendly production systems for small farmers.

Ecoregional Conservation Strategy for the Sierra Nevada de Santa Marta. Development of the ecoregional conservation strategy will build on the extensive information and GIS system already completed and included in the SDP (1997). An eco-regional map exists at a scale of 1:250,000, and includes vegetation types and actual forest cover. The strategy definition process consists of (i) scientific work to synthesize and analyze existing information (plus collection of some critical new information);

combined with (ii) workshops and expert consultations accompanied by a participatory process of consultation and information-sharing with key stakeholders.

The remaining steps in the work plan for defining the strategy includes: (i) by early November 1999, develop a spatial model of transformed ecosystems (map of agro-ecosystems 1:250,000); (ii) ecosystem conversion trend analysis (map of pressure on forested areas), and landscape ecological analysis completed by mid-January 2000; (iii) workshop January 25, 2000 to fine-tune proposals for ecoregional zoning; (iv) preliminary definition of priority biota (flora and fauna) by end January 2000; (v) Implementation Plan for Eco-regional Conservation Strategy including text, tables and maps by end January, 2000; and (vi) Design of Biodiversity Monitoring System by end January 2000 with technical support from Instituto von Humboldt and Instituto de Ciencias Naturales. The process to define the eco-regional strategy is expected to be completed by the end of January 2000.

Final selection of pilot areas for collaborative management (Sub-component 3.1) and conservation areas (Sub-component 3.2). The preliminary list of priority regions (large watersheds, or combination of watersheds, areas of between 50,000-100,000 hectares) has been completed by applying the following clusters of criteria: (i) cultural value, (ii) socio-economic dimensions (such as existence of conflict over land use rights, potential for improving revenues of the poor through conservation), (iii) operational considerations (including the security situation and complementarity with on-going activities), and (iv) ecological significance. The preliminary list of priority regions includes the following areas: (1) the watersheds of the Guachaca and Buritaca rivers; (2) the watersheds of the Frío and Sevilla rivers; (3) the watersheds of the Ancho and Jerez rivers; (4) the area between la Loma de los Bañaderos and the watershed of the Ranchería river, south of the Guajira; (5) the watersheds of the Badillo and Candela rivers in the Atánquez region; (6) headwaters of the Los Clavos and Ariguaní rivers (Pueblo Bello, Minas de Iracal); and (7) *paramo* and glacier lakes ones (see attached map).

The work plan for final preparation related to this issue involves choosing the 5 regions among the seven identified candidates to be included in the project and zoning of these regions through consultations with regional stakeholders. Final decisions in this regard will be taken at a workshop at the end of January 2000 (mentioned above). Specific topics/decisions to be discussed and agreed at the workshop will include: (i) incorporate the ecological criteria developed in the eco-regional strategy; (ii) identify an initial set of specific zones (part of a watershed, roughly 2,000-10,000 ha.) and areas within the zones (1,000 to 2,000 ha.) where activities would be initiated. Others will be chosen during the course of the project as part of the collaborative management process; and (iii) select a portfolio of conservation areas resulting from the ecoregional conservation strategy and zoning process just described. In February 2000, agreement would be reached on the methodology for promoting collaborative management and the plan for field testing during the year 2000 under the LIL.

Sustainable Production Systems for small farmers which contribute to biodiversity conservation

Completed preparation work includes: (i) a review of the Foundation's experience since 1993 working on sustainable production systems (including shade coffee) in several areas with small groups of farmers in order to draw lessons to incorporate into project design; (ii) a general and quick analysis of the key farming systems in the eco-region and identification of the factors generating negative impacts on biodiversity; (iii) definition of criteria for formulating alternative, sustainable production systems which will contribute to biodiversity conservation; criteria identified include: sustainability of the intrinsic productive capacity of the soil, equilibrium between supply and demand for water, conservation and management of biodiversity (e.g. reduce fragmentation of habitat, etc.), sustainable production techniques (e.g. optimization of the material and energy cycles within the productive unit, etc.), and socio-economic factors (e.g. cost minimization, optimal use of family labor, etc.); and (iv) development of a methodology for farm-level "environmental" planning (adapted from successful experiences elsewhere in Colombia) which is ready to be tested under the LIL.

The remaining preparation activity related to the small farmer production component involves development of the first year work plan for farm level planning and promotion of biodiversity friendly production systems, including design of a training program. This will be completed by January 2000.

4. Institutional Summarize issues below

a. The design of the **Trust Fund (NGF)** is well advanced. The following steps have been completed: (i) feasibility study for TF carried out under Block A grant in 1998; (ii) consultation process with other TFs, the central and regional governments, non-governmental organizations, indigenous authorities and other key stakeholders including the business community was completed in May 1999; (iii) the Foundation's Board of Directors have agreed on the key features of the TF described in this document which have also been endorsed by the GEF focal point in September; and (iv) the Draft Operating Rules for the NGF have been reviewed by the Foundation's Board, and are currently being reviewed by the Bank's Legal Department (October 1999).

Final preparation steps to be completed by the time of CEO endorsement are: (i) by December 1999, finalize and adopt the Operating Rules of the NGF which include sections on the objectives, operating structure, criteria for selecting programmatic and thematic areas to be financed, process for project evaluation and funding approval (including operational, policy, and methodological criteria to be applied); (ii) by February 1, 2000, final preparation of the detailed Operating Manual and Plan of Action for the NGF's first year of operation; and (iii) definition of detailed M&E system.

b. The **Foundations** five-year program and new responsibilities (management of NGF, management of new projects including LIL) involve a significant change in its role and size. Immediate steps which need to be taken prior to project start-up will be agreed by February 2000. The design of a medium term institutional development plan to strengthen the Foundation will be supported by the LIL and is expected to be completed by June 2000. During final preparation of the GEF project, particular attention will be paid to measures required for start-up and management of the NGF.

5. Social Summarize issues below

A social assessment has been completed and the final published report will be available in November 1999. It shows the complex situation in the Sierra Nevada, but also the positive impact that the process of preparing the SDP has had in bringing diverse actors together to recognize the perspective of others and shape common goals. The Sierra Nevada is characterized by cultural diversity. The population can be characterized into three broad groups: indigenous peoples, small farmers who migrated to the Sierra from the Andean region at various times, and the coastal peoples who are a very diverse group. The underlying philosophy of this project and the work of the Foundation is to continue this process of bringing together stakeholders and to move them towards agreement to carry out concrete actions considered critical for biodiversity conservation and sustainable use of natural resources.

Deep seated social conflicts around land are part of the region's history and are being taken into account in the project design. Particular problems are faced by peasant farmers who are living within the boundaries of the national parks and indigenous reserves; a specific study by a prominent Colombia sociologist was prepared on this issue (August 1999). The study shows the historical roots of social conflicts over land, starting with the arrival of the Spaniards in the 1500s which profoundly affected the indigenous peoples, to the colonization by those from other areas of Colombia beginning in the 1900s of which the period of the marijuana boom of the 1970s was particularly traumatic, resulting in a major influx of settlers and devastation of 70% of the forested area. With a downturn in the demand for this crop in the 1980s, it virtually disappeared from the Sierra, but the ecological and social damage remained. Attracted perhaps by the isolated location and social conflicts in the Sierra Nevada, over the last thirty

years various armed groups, both guerrilla and paramilitary, have established a presence in different areas of the Sierra Nevada. While violence is episodic, the presence of these groups is an important risk factor which must be taken into account, particularly as the process of peace negotiations unfolds. So far, the Foundation has been able to work effectively in the midst of this complex situation.

The government has a national policy for the substitution of illegal crops which is implemented in the PLANTE program financed in part by a loan from the Inter-American Development Bank. The program applies a guiding principle of crop substitution with socially and environmentally friendly crops and techniques. The Sierra still suffers from the existence of illegal crops in some areas though it is a marginal producer compared to other parts of Colombia. Farmers have expressed an interest in finding alternative, legal sources of income. The Foundation's program may contribute to avoiding the expansion of those zones by promoting ecological productive systems that provide a viable alternative return to the rural communities, though it does not contain a prominent and specific focus on this. It is unclear whether recent discussions with the United States will result in aerial spraying in the project area which could have far-reaching negative consequences for the biodiversity there. However, this is considered to be a low risk as there has been no spraying for ten years, and the Government has an agreement with the region to refrain from spraying in the parks and indigenous reserves.

The Foundation's program and this project are being designed in close collaboration with indigenous peoples organizations and taking into account their cultural background. The four indigenous groups in the Sierra, though a minority in terms of population, are critical for the project's success because of their positive attitude towards conservation, rooted in their traditions, and because their lands involve areas of rich biodiversity. To address the issue of overlapping indigenous reserves, national parks and farmers' lands is also critical to preserve the Sierra and reduce social risks. Under these circumstances, and in compliance with Bank's OD 4.20, Indigenous Peoples, and OD 11.03 Cultural Heritage, the project will include an Indigenous Peoples Development Plan/Strategy, taking into account Colombian constitutional reforms of 1991 which recognized indigenous peoples rights over land and their right to preserve their culture. Final agreement on the Plan is expected in December 1999. The Foundation's program will support ongoing efforts promoted by indigenous organizations that will help to preserve the Sierra and reduce tensions such as: (i) reaching an agreement with the National Parks Unit to design and implement a joint management plan incorporating modern and traditional knowledge; (ii) promoting an agreement between indigenous peoples and farmers for sustainable development consistent with indigenous practices within indigenous reserves; and (iii) seeking better alternatives for farmers who wish to voluntarily move from the indigenous reserves.

6. Environmental

a. Environmental Issues:

Summarize issues below (distinguish between major issues and less important ones)

Major: There are no major adverse environmental impacts expected as a result of this project. The net environmental impact of the project is positive.

Other:

b. Environmental Category: B - Partial Assessment

c. Justification/Rationale for category rating: This project is expected to have very positive environmental benefits, since it focuses on conservation of biodiversity.

d. Status of Category A assessment:

EA start-up date:
Date of first EA draft:
Current status:

e. **Proposed Actions:** Procedures for environmental impact assessments of projects financed by the NGF and under Sub-Component 3.1 will be developed during preparation and incorporated into the Operational Manual.

f. **Status of any other environmental studies:** n/a

g. **Local groups and NGOs consulted:** The entire process of developing the SDP and of designing this project has been highly participatory with nearly all local groups and regional NGOs involved.

h. Resettlement

As indicated above, a study was completed in August 1999 concerning the situation of farmers living inside the boundaries of the existing national parks and indigenous reserves. It found that many of these farmers are relocating or seeking to relocate due to factors unrelated to the Foundation's program. These factors include: (i) the legal limitation on receiving land titles; (ii) the lack of road infrastructure that makes market access difficult; (iii) the lack of basic services that keeps living standards low; and (iv) the increasing violence that makes it difficult to survive between two opposed forces that view farmers as a target. Many families have moved in recent years for these reasons without any external support.

The Foundation's program, with baseline funding from the LIL, would help to transform this situation into a positive experience by testing a voluntary resettlement strategy under the following conditions: (a) the persons involved will benefit directly upon resettlement; (b) all persons will be able to refuse resettlement, as provided for under Colombian law; and (c) the persons involved would play an active role in planning and decision-making about resettlement conditions. These are the conditions established for voluntary resettlement in the new version of OD 4.30. Less than 200 persons would participate in this voluntary resettlement pilot which would be implemented through a participatory approach providing: (i) support to develop stronger farmer organizations; and (ii) technical advice and financing for sustainable development activities. To implement this strategy, a Resettlement Framework would be agreed with the Colombian Government as part of the LIL (December 1999). No GEF funding would go toward this activity.

The Foundation's program, of which this project is a part, embodies a strategy to preserve biodiversity which promotes better practices through broad participation and incentives, rather than restrictions. No new restricted areas or expansion of existing ones are foreseen under the project. Rather, establishment of the network of conservation areas would take place as a result of voluntary cooperation on private, indigenous, or municipal lands. The project does not seek either any kind of involuntary resettlement or changes affecting the use of land or other resources that might affect the livelihood of people located within actual restricted areas such as national parks and indigenous reserves.

7. Participatory Approach

a. **Primary beneficiaries and other affected groups:**

Name and describe groups (how involved and what they have influenced or may influence.)

The project is another step in a participatory approach followed by the Foundation throughout this decade. The Conservation Strategy and the SDP illustrate two highly participatory processes in which extensive

consultation and collaboration at the local, regional and national level were undertaken. Once published in 1997, the SDP was presented to and examined together with key stakeholders. Almost one year of discussions led to the Forum for the Sustainable Development in the Sierra in March 1998 which gathered more than 600 persons from indigenous and peasant communities, public and private sectors to further analyze and prioritize actions in the Plan. Meanwhile, a project financed by the Netherlands supported 10 participatory local pilot sub-projects to initiate the implementation phase of the SDP based on priorities established by local communities. A participatory approach pervades the entire preparation and design of the Foundation's five-year program and this project. In addition, a first phase of workshops and meetings concerning the GEF project has been completed and the results incorporated into the project concept; additional workshops and consultations are scheduled for the remainder of 1999 leading to appraisal in early 2000 (February).

b. Other key stakeholders:

Name and describe groups (how involved and what they have influenced.)

The Foundation's program, of which this project is a part, is an outgrowth of a lengthy and exhaustive participatory process as indicated above. Concerning the preparation of the GEF project, the list of participants is too long to include the name of all the organizations (which included separate consultations on the NGF), so a summary by type of stakeholder is presented.

Primary beneficiaries and other affected groups

4 indigenous organizations: *Organizacion Gonawindua Tayrona, Confederacion Indigena Tayrona, Yugumauin Bunkauanarrwa Tairona, Organizacion Indigena Kankuama.*

Extensive number of community groups and local NGOs

Other key stakeholders municipal (13) and departmental governments (3), regional corporations responsible for environmental management (CORPAMAG, CORPOGUAJIRA, CORPOCESAR), regional universities (Guajira University, University of Magdalena, Cesar University), national level institutions (Parks Unit, Ministry of the Environment, National Planning Department, Alexandre von Humboldt Institute).

8. Checklist of Bank Policies

a. Safeguard Policies (check applicable items):

Policy	Risk of Non-Compliance¹
Natural habitats (OP 4.04)	L
Cultural Property (OPN 11.03)	L
Indigenous Peoples (OD 4.20)	L
Involuntary Resettlement (OD 4.30)	L

¹ H is High, M is Medium, L is Low

b. Business Policies (check applicable items): Involvement of NGOs [\(GP 14.70\)](#)

c. Describe issue(s) involved not already discussed above:

F: Sustainability and Risks

1. Sustainability:

The achievement of long term sustainability is underpinned by the consolidation of the NGF. The three-component strategy is designed to build on the institutional capacity of community organizations so they can become leaders of self-managed sustainable processes in the Sierra. As part of the collaborative management plans, sustainable production systems including ecological agriculture and ecotourism will contribute to develop endogenous growth processes. The proposed 'stewardship approach' for the shared management of the eco-region will also help consolidate the protected areas system. Replication within the Sierra Nevada region and elsewhere will be supported by the project's emphasis on knowledge

generation and dissemination. The most important risk factor to sustainability is the presence of armed actors in the region, and in the country.

2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):

Risk	Risk Rating	Risk Minimization Measure
From Outputs to Objective		
Armed actors do not respect the process and actively discourage participation	S	A criterion for selecting the areas to focus project efforts is this factor, in order to minimize risks. The Foundation maintains a low-key but continuous dialogue with them, and regularly monitors the socio-political dynamics and adjusts and modulates its approach in accord with evolving conditions. The systematic involvement of citizens is another important means of reducing this risk.
From Components to Outputs		
Potential members of network are not interested or do not have time to join a network of this type	M	Foundation will continue active outreach and communications strategy
Prolonged economic recession and fiscal crisis in public sector reduce fund-raising capacity of NGF and availability of matching funds for projects.	M	This is a substantial risk in short-term, but less so in medium term. The Foundation will actively seek international funding, and more aggressively seek domestic funding as economic conditions improve.
Organizations and communities lack sufficient capacity to develop satisfactory project proposals.	M	Organizational strengthening component to provide support to develop this capacity.
Overall Risk Rating	S	
Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)		

Annex 1
Project Design Summary
Colombia: Conservation of Biodiversity in Sierra Nevada de Santa Marta

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>CAS Goal: Attain sustainable development with reduction of poverty, and improved social conditions in an environment of peace</p> <p>Sector-related CAS Goal: Improve natural resource management and conservation of strategic ecosystems</p> <p>GEF Operational Program: Montane (4) and Forest (3) Ecosystems</p>	<p>Sector Indicators: Decrease in rate of deforestation for selected strategic ecosystems</p>	<p>CAS update to Board, including sector matrix</p>	<p>(Goal to Bank Mission)</p>
<p>Program Development Objective: Better informed and organized stakeholders implementing jointly agreed actions to conserve the biological and cultural diversity of the Sierra Nevada and to use its natural resources in a sustainable manner</p> <p>Project Development Objective: Knowledge base improved, and organizational and financial mechanisms for long-term biodiversity conservation established and operating effectively</p> <p>Global Objective: Conserve, restore and sustainably use the singular and heterogeneous mosaic of tropical ecosystems of the Sierra Nevada de Santa Marta</p>	<p>Outcome/Impact Indicators:</p> <p># projects funded by NGF successfully completed by the end of project year 5</p> <p># collaborative management agreements and % being carried out satisfactorily</p> <p>Changes in area of critical habitats under conservation regimes</p> <p>Changes in area under ecologically sustainable land-use categories</p>	<p>Annual M&E reports</p> <p>Annual M&E reports</p> <p>Biodiversity Monitoring reports (GIS)</p>	<p>(Objective to Goal) Security situation in country substantially improves.</p> <p>(Project Objective to Program Objective) Armed actors respect the process and allow participation</p>

<p>Output from each Component</p> <p>1. Participatory mechanisms for generating and disseminating knowledge about the eco-region's biodiversity designed and operating</p> <p>2. Network of communities, organizations, and institutions established and involved in concrete actions to conserve biodiversity</p> <p>3. Specific actions underway to improve management of critical areas identified in eco-region strategy, using a collaborative approach.</p>	<p>Key stakeholders know main elements of eco-regional conservation strategy</p> <p>4 organizations of different socio-cultural backgrounds join the network and begin the exchange of experience by end of year 1.</p> <p>By end of year 1, management plan agreed for at least 1 critical area.</p> <p>Network of conservation areas established and management plans being implemented in 75% of areas by end of project</p> <p>X projects financed by the NGF in critical areas at end of year 2</p>	<p>Survey to judge effectiveness of communication strategy</p> <p>Annual monitoring & evaluation reports</p>	<p>(Outputs to Objective)</p> <p>Foundation's program complemented by activities and funding of other key stakeholders such as the parks unit and regional corporations</p> <p>Potential members of network are interested and have time to join a network of this type.</p> <p>Prolonged economic recession and fiscal crisis in public sector reduce fund raising capacity of NGF and availability of matching funds for projects</p> <p>Organizations/communities with sufficient capacity to develop satisfactory project proposals</p>
<p>Project Components/Sub-components:</p> <p>1. Knowledge Generation and Dissemination</p> <p>2. Participation, Organizational Strengthening and Coordination</p> <p>3. Collaborative Management and Pilot Sustainable Development Projects</p> <p>3.1 Collaborative Management and Pilot Projects in Selected Areas</p> <p>3.2 Network of Conservation Areas</p> <p>3.3 Non-Government Fund</p>	<p>Inputs:</p> <p>US\$3.19 million (of which 1.50 GEF)</p> <p>US\$3.31 million (of which 1.20 GEF)</p> <p>US\$13.99 million (of which 6.30 GEF)</p> <p>US\$5.03 million (of which 1.0 GEF)</p> <p>US\$0.96 million (of which 0.80 GEF)</p> <p>US\$8.0 million (of which 4.5 GEF)</p>	<p>Foundation's Annual Reports</p>	<p>(Components to Outputs)</p>

Annex 2: Incremental Cost Analysis

COLOMBIA: CONSERVATION OF BIODIVERSITY IN SIERRA NEVADA DE SANTA MARTA

Context and Broad Development Objectives

The Sierra Nevada de Santa Marta, a UNESCO-declared Biosphere Reserve, and the Sierra Nevada eco-region (including 13 municipalities located in 3 departments, 2 national parks, 2 major and 5 minor indigenous reserves) is a place of great importance from an ecological, cultural and economic point of view. The central feature of the eco-region is the Sierra Nevada de Santa Marta, an isolated mountain that is set apart from the Andes chain that runs through Colombia. Reaching an altitude of 5,684 meters above sea level just 46 kilometers from the Caribbean coast, the Sierra Nevada is the world's highest coastal peak, and encompasses an area of about 12,600 square kilometers (accounting for 60% of the eco-region's total area of 21,600 square kilometers). Because of its altitudinal variation as well as its location at 11 degrees north latitude, the Sierra Nevada contains a mosaic of biomes of global significance (nearly all the climatic zones that can be found in tropical America). Since pre-hispanic times, the indigenous peoples of the Sierra Nevada have possessed a world view, social organizations and living patterns revolving around the management and conservation of this unique environment. The Sierra is the source of 35 watersheds, which makes it the "water factory" that supplies the *Ciénaga Grande* (a complex deltaic estuary and mangrove system which is a unique habitat for birds, fish, reptiles, amphibians and invertebrates) and the 1.0 to 1.5 million inhabitants of the eco-region, underpinning economic activities on the surrounding lowlands including commercial agriculture, cattle ranching, coal mining, tourism, fishing as well as three cities with populations of more than 100,000 people. Altogether, these characteristics make the Sierra Nevada de Santa Marta unique in social, ecological and cultural terms.

In 1991, the Fundacion Pro Sierra Nevada de Santa Marta (Foundation) initiated a participatory process that produced a Sustainable Development Plan for the Sierra Nevada de Santa Marta (SDP), published in February 1997 and endorsed by key stakeholders including the municipal, departmental and central governments, as well as communities and other local actors. The long-term development objective of the SDP, to which the Foundation's five year program is contributing, is to improve the quality of life of the inhabitants of the Sierra Nevada, while maintaining and restoring the regions' ecosystems and cultural heritage. The SDP consists of five programmatic areas (conservation of ecosystems, strengthening of indigenous cultural identity, stabilization of the peasant population, strengthening of fundamental rights, and modernization of institutions), an educational component which covers all the areas, and a management component. GEF and World Bank support for the Foundation's five-year program will complement financial assistance to the SDP provided by other donors, including the Netherlands, France (FFEM), Italy, the European Union, and UNDP.

Baseline scenario

Under the Baseline scenario, the Foundation's five-year program would be carried out with approximately US\$9.490 million including support from the French GEF (FFEM), the Netherlands, and a World Bank Learning and Innovation Loan, complemented by a project financed by the European Union which is being managed by the National Parks Unit. The Foundation expects that by the end of the program the eco-region will have better informed and organized stakeholders implementing jointly agreed actions to conserve the biological and cultural diversity of the Sierra Nevada and to use its natural resources in a sustainable manner. Under the Baseline scenario, the Foundation would define and begin implementing in selected areas a biodiversity conservation strategy for the eco-region, together with strengthening local and indigenous organizations, and supporting their efforts through financing of pilot projects for sustainable development. The program's three components—knowledge, participation/organization, and collaborative management—and the activities under each are described below.

(1) Knowledge Generation and Dissemination. The key activity under this component would be to define an integrated and comprehensive biodiversity conservation strategy for the eco-region including the definition of conservation targets and a baseline for monitoring. The final stages of agreeing on the strategy would be done in a participatory manner involving key stakeholders. Other key activities would be to:

- establish a basic tracking system for biodiversity through design and start-up of a biodiversity monitoring network which involves local people (funding of the basic infrastructure, training and initial operating costs).
- design and initial implementation of a strategy for the generation, exchange, and dissemination of knowledge on sustainable management of natural resources in the Sierra Nevada with particular attention to drawing on indigenous knowledge and promoting an intercultural dialogue. In addition, several studies to provide critical information for the eventual negotiation of agreements between key stakeholders would be carried out (such as, a rapid assessment of urban environment issues, economic valuation of environmental services particularly related to water).

(2) Participation, Organizational Strengthening and Coordination. This component supports the continuation of the Foundation's participatory approach to working with and strengthening community, local and regional organizations, with special outreach efforts to indigenous organizations and peasant farmer groups. A key activity is promotion of a network of stakeholders (community, business, and institutional) who are committed to conservation and collaborative management of the Sierra. The development and implementation of a strategic plan for strengthening the Foundation as it takes on new responsibilities, as well as the costs associated with project management would also be supported.

(3) Collaborative Management and Pilot Sustainable Development Projects. Under the Baseline scenario, a participatory methodology for bringing together key stakeholders within a given area/level of the ecosystem (farm/family unit, micro-watershed, watershed) in order to agree on collaborative management plans would be developed and tested in selected areas; this activity would have a strong focus on working with farmers and indigenous peoples on sustainable natural resource management. Water is likely to be an important concern around which to shape agreements incorporating economic incentives for watershed recuperation and protection. Assistance would also be provided to the indigenous organizations, the parks unit, and farmers living inside the parks/reserves to support their efforts to reach agreements on how to manage and conserve these areas.

Domestic and Global Benefits of the Baseline Scenario

The baseline investments will result in tested methodologies for promoting collaborative management, and the creation and strengthening of an organized network of social actors with a greater understanding of the cultural, social, economic, and ecological dynamics in the Sierra. Through this knowledge and strengthened organization, concrete actions aimed at conservation and sustainable management (particularly at the farm unit level) will be developed and implemented in selected areas. However, resources dedicated to the implementation of these interventions are scarce in the baseline scenario so the scope and number of investments and activities financed is limited to specific areas and no sustainable funding source is established.

Global benefits of the Baseline scenario include: the design of the eco-regional conservation strategy which will provide the framework and define priorities for future efforts including conservation targets, and the design and start-up of a basic biodiversity monitoring system. Other global benefits include increasing the sustainability of social processes aimed at maintaining the ecological integrity and management of the region's biodiversity through improved knowledge and strengthened organizations.

However, the Baseline scenario will permit very limited implementation of the eco-regional conservation strategy, particularly in regard to the establishment of conservation areas and their linking together in biological corridors. It will only support activities in a small number of critical ecological areas thus having a limited impact. The achievements will also be limited in integrating biodiversity considerations into sustainable resource use, and new opportunities for payment for environmental services and establishing incentives for biodiversity conservation will not be fully explored. Specific investments will be limited in number and coverage due to limited funds, and continuity of funding and sustainability will not be ensured either at the eco-regional level or locally.

Global Environmental Objective

The global environmental objective of this project and the program of which it is a part is to conserve, restore, and sustainably use the singular and heterogeneous mosaic of tropical ecosystems in the Sierra Nevada de Santa Marta. As a Pleistocene refuge, the Sierra was a propitious habitat for thousands of species, many of which evolved in isolation and hence account for the high level of endemism, especially over 1,000 meters. There are at least 600 botanical genera and over 3,000 species of superior plants. It is known that 16 of the 514 species of birds registered for the Sierra are endemic; the Sierra is also an important habitat for migratory birds coming to and from the U.S. and Canada. Among the 46 species of amphibians and reptiles, there are 12 which are endemic, and a 100% degree of endemism can be found over the 3,000 meter level. A specific set of conservation targets will be defined as part of the eco-regional conservation strategy and used to monitor progress in fulfilling the global environmental objectives. External support for the SDP and the Foundation's program is consistent with the Government of Colombia's priorities for biodiversity and development, as indicated by its selection of the Sierra Nevada de Santa Marta as a strategic eco-region to receive support under its Development Plan for 1998-2002, and its endorsement of GEF support for this project.

GEF Alternative

The scope of the GEF Alternative includes the baseline scenario plus additional activities necessary to achieve global environmental objectives. The total cost of the GEF Alternative is estimated at US\$20.490 million.

In regard to the **Knowledge** component, the expanded scenario will allow the biodiversity monitoring network established under the baseline to be strengthened in terms of spatial coverage (additional sub-regional and local monitoring stations) and operational time (increased from three to five years). In addition, the participatory aspects of the monitoring network would be strengthening: more people would be involved thus strengthening community ownership of the network, and information dissemination would be improved. Work on the strategy for the generation, exchange and dissemination of knowledge, including an intercultural dialogue, would be substantially increased and deepened through additional research in key areas: interdependence between human dynamics and ecosystems; economic analysis and valuation of environmental services; and evaluation of sustainable management systems integrating biodiversity considerations. Dissemination of knowledge both within and outside the region would be significantly increased, thus improving the likelihood that the positive experiences in the Sierra Nevada will be replicated.

In regard to the **Participation/Organization** component, the GEF Alternative provides additional resources for expanding, strengthening and operating the network of stakeholders which should help broaden ownership of the eco-regional conservation strategy. It will provide technical assistance and outreach efforts for certain groups, such as the indigenous and peasant farmers, and community groups, and local NGOs to help them learn how to prepare project proposals for the NGF. The start-up costs and institutional strengthening required for establishment and operation of the NGF will also be supported.

In regard to **Collaborative Management**, this component will have a much broader scope both geographically and in terms of participants. Increased funds will permit sub-component 3.1 to expand beyond a few pilot areas to support the implementation of the eco-regional biodiversity conservation strategy in a much wider area. Under sub-component 3.2, the expanded scenario makes possible the establishment of a representative network of conservation areas (sites within existing protected areas, indigenous reserves, and key watersheds). The establishment of biological corridors and enhanced participation of local communities in forming the network of conservation areas will play a major role in sustaining conservation measures. The most important breakthrough in the expanded scenario is the creation of the NGF (sub-component 3.3) with the GEF supporting the initial establishment and operations of the NGF which will provide a longer-term, strategic perspective on conservation that is not evidenced in the baseline case. The NGF will be a significant step forward by substantially increasing access to grant funds for conservation and sustainable development by indigenous groups, community organizations and other partner agencies. The GEF contribution will leverage additional capital resources for the NGF and cofinancing in the context of the specific projects financed.

Benefits

The GEF Alternative generates global benefits from the conservation of a unique and threatened eco-region, with the attendant preservation of biodiversity of global value, which is also considered a high-priority by the Government of Colombia. It will promote increased local participation, including by indigenous peoples, in the benefits of conservation. By the end of the project, the knowledge base will have been improved and the ecoregional conservation strategy will orient the longer term actions for conservation and sustainable use of natural resources in the region. Organizational and financial mechanisms for long-term biodiversity conservation, such as the network of stakeholders, network of conservation areas, and NGF, will be in place and operating effectively. The NGF will provide a long-term financing mechanism to ensure the replication of conservation and development efforts elsewhere in the Sierra Nevada region. Valuable lessons will be learned concerning participatory approaches to collaborative management and biodiversity monitoring which will be disseminated within and outside of the region.

Incremental Costs. The difference between the Baseline scenario (\$9,490,000) and the GEF Alternative (\$20,490,000) is \$US 11.0 million. This amount equals the estimated incremental costs to achieve the global benefits of conservation and sustainable use of biodiversity and protection of the social and cultural diversity of the local communities. Capital contributions of \$2.0 million to the NGF will be catalyzed by GEF support, so only \$9.0 million is being requested from the GEF. In addition, local beneficiary contributions to sub-project financing will cover the expected domestic benefits of project activities. The amount of local beneficiary contributions will be quantified during final project preparation, prior to CEO endorsement.

Incremental Cost Matrix

Component	Scenario	US\$000	National Benefit	Global Benefit
<i>I. Knowledge Generation and Dissemination</i>				
1. Biodiversity monitoring network	Baseline	372	Basic monitoring system tracking processes and components of biodiversity at different levels without achieving total coverage	Enhanced biodiversity knowledge
	GEF Alternative	1152		Comprehensive monitoring system systematically tracking processes and components of biodiversity at different levels and contributing to global biodiversity monitoring
	Incremental	780		
2. Generation and exchange of knowledge	Baseline	1320	Greater understanding of the cultural, social, economic, and ecological processes in the eco-region generated through participatory approaches	Eco-regional conservation strategy developed, including conservation targets and baseline for monitoring
	GEF Alternative	2040		Deepened understanding through research in key areas and much broader dissemination of knowledge permitting replication.
	Incremental	720		
<i>II. Participation and Organization</i>				
1. Network of key social actors committed to conservation and collaborative management of the Sierra, while Foundation and local organizations improve capacity	Baseline	2063	Continuation of the Foundation's participatory approach to working with and strengthening community, local and regional organizations. Local organizations strengthened. Development and implementation of a strategic plan for strengthening the Foundation as it assumes new.	Network of stakeholders established resulting in enhanced local support and organizational capacity to support biodiversity conservation.
	GEF Alternative	3313	Increased social participation and broader ownership of SDP. More outreach to organizations to build capacity.	Network of stakeholders (community, business, and institutional) expanded and committed to implementation of the eco-regional conservation strategy.
	Incremental	1250		

III. Collaborative Management and Pilot Sustainable Development Projectst				
1. Collaborative management plans	Baseline	5575	Methodology developed and tested in selected areas for bringing together key stakeholders within a given area/level of the ecosystem in order to agree on collaborative management plans Implementation of plans would be supported through financing of pilot projects financed directly by the Foundation (national benefits)	Implementation of plans would be supported through financing of pilot projects directly by the Foundation (global benefits).
	GEF Alternative	5025	Environmental sustainability enhanced	Broader scope, both geographical and number of participants, thus supporting implementation of the eco-regional conservation strategy in a much wider area.
	Incremental	(-550)		Under GEF Alternative, pilot projects would be financed primarily through the NGF which accounts for negative increment.
2. Network of Conservation Areas	Baseline	160	Design of a network of conservation areas will help promote social processes for biodiversity conservation	A few critical areas selected to enter network.
	GEF Alternative	960		Establishment of representative network of conservation areas, including biological corridors. Deeper participation of local communities in the network thus improving sustainability.
	Incremental	800		
3. Non-Government Fund	Baseline	0	No NGF established, pilot projects financed directly.	
	GEF Alternative	8000	Source of sustainable financing for projects which generate domestic benefits by enhancing ecological sustainability of the region.	Putting in place of a financial instrument that will provide a long-term, strategic perspective on conservation. Sustainable funding source for biodiversity projects
	Incremental	8000		
Total	Baseline Scenario	9490		
	GEF Alternative Scenario	20490		
	Incremental Cost	11000		

Annex 3: STAP Roster Technical Review
COLOMBIA: CONSERVATION OF BIODIVERSITY IN SIERRA NEVADA DE SANTA MARTA

Reviewer: John G. Robinson

The Santa Marta region of Colombia is of very significant biodiversity importance. The proposed project addresses many of the most important threats to the conservation of that biodiversity, and relies on the appropriate national and regional organizations. The challenge is to implement the project in a context of social and economic instability. This is recognized in the project design, and every effort has been made to take into account this context.

Comments on Project Objectives:

Global Environmental Objective. Conserving, restoring, and using sustainably the ecosystems within the region is very appropriate. The altitudinal range of the Santa Marta peaks means that many ecosystems are represented. The biodiversity of the region is exceptional, and includes at least 5 endemic plant genera, 15 endemic bird species, and 9 endemic species or subspecies of mammals. Amphibians and reptiles show high endemism, and probably above 10,000 ft all are endemic.

Program Development Objective. The focus on “sustainable management of the natural and productive systems”, not on the protection and restoration of natural systems *per se*, is appropriate. The project de-emphasizes the importance of protected areas, and this might be appropriate under the present sociopolitical conditions. However, some erosion of biodiversity is to be expected if the project is successful in increasing human production systems and increasing local economic activity.

Project Development Objective. Improving the knowledge base is a necessary step in designing management to conserve and use these systems. Indigenous management is not operative over the whole region, and regional and national management has little impact. Establishing the organizational and financial mechanisms to support long-term biodiversity conservation is of the highest priority.

The overall thrust of the project is therefore generally appropriate. There are a number of other factors that are good indicators of success in implementing the project:

1. A long-term, technically sophisticated and committed institutional presence. The Fundacion Pro Sierra Nevada de Santa Marta is an appropriate organization to implement the proposed project. Indeed it is the only institution with anything like a regional mandate and authority. The organization is well regarded, both internationally and nationally, and can be expected to be able to draw upon other institutional support.
2. Supportive governmental agencies. The Government of Colombia has given support to the Fundacion in their efforts to act for the Sierra Nevada de Santa Marta.
3. Considerable bilateral and multilateral government support. Support by European governments, the World Bank, and the GEF is allowing several projects to address key social, economic and ecological issues.

The proposed project will be operating in a context of social, political, and economic instability. The proposed project clearly recognizes this context, and project activities are designed to mitigate and

ameliorate the situation. As a strategy this might be criticized: There is a significant body of experience and literature that suggests that successful Integrated Conservation and Development Projects (ICDPs) are those with narrowly defined goals and not those seeking to address broad societal problems. Nevertheless, the proposed project does not shrink from the broader challenge, an approach that is justified based on the exceptional biodiversity in the region and the strong and committed institutional presence of the Fundacion Pro Sierra Nevada de Santa Marta.

The proposed project recognizes the following broad threat to the successful implementation of the project, and while no activity directly addresses this threat, the project proposal argues that local and regional efforts can mitigate its effect.

National political and economic instability. Local efforts are influenced by the regional context, which in turn is affected by the national condition. Colombia is entering a period of considerable national political and economic instability. Much of the conflict can be framed around issues of the devolution and decentralization of governmental authority -- an issue that lies at the heart of the proposed project. The proposed participation by the United States, especially in anti-drug intervention, introduces yet another variable. The successful implementation of this project will be strongly influenced by events at the national level, events that are outside of the control of the project.

The proposed project does explicitly address a number of the local and regional threats to the Sierra Nevada de Santa Marta.

1. Significant armed conflict within the Santa Marta region. The presence of paramilitary groups, leftist guerillas, and narcotraffickers makes it extremely difficult to develop a regional consensus on land and resource use. Rather than seeking to impose a “top-down” solution, the Fundacion Pro-Sierra has established a dialogue with many of these parties, and has sought to develop a consensus from the “bottom-up”. While continued conflict is to be expected, the process that has been established is clearly a way forward.
2. A lack of a regional, governmental authority. The general lack of a policy and institutional framework to resolve conflict and identify a way forward does inhibit project viability and sustainability. The project will be working through the Fundacion Pro-Sierra, the only institution with anything like a regional mandate. Local municipal governments in the region “have left the Sierra almost completely unattended”. The Fundacion has close working relations with indigenous groups, with many of the peasant communities, and a working relationship with some of the ideologically-motivated groups. Strengthening the regional authority of the Fundacion and increasing involving other institutions is essential to attain the specific project goal of “an integral approach in which the Sierra is managed as an ecoregion”.
3. Vague and poorly defined tenurial and land use designations. Two national parks exist in the Sierra, but they overlap in part with indigenous reserves. Together with tenurial and land claim conflict among peasant groups, and with indigenous communities, these overlapping rights are a threat to successful project implementation. Within the national parks, the project proposes to encourage a voluntary resettlement strategy. Given the lack of incentive to remain within the protected area, such a strategy might have some efficacy.
4. Ecologically damaging systems of productivity and resource extraction. Conversion of tropical forests to grasslands, especially for livestock production is a threat to the ecological integrity of the Sierra Nevada de Santa Marta. The project does recognize the need to restore and conserve biodiversity and forested systems, while at the same time fostering sustainable systems of productivity and resource

extraction. To date, the project has not identified such sustainable systems, but proposed to put into place a applied and targeted research program to accomplish this goal, and to establish a process to monitor indicators that measure and judge sustainability over time.

Project activities that alleviate these threats are divided into three broad project components:

Component 1. The project proposes to support a broad strategy of information generation and dissemination. There are no easy technical or social answers that address the threats to biodiversity in Santa Marta, and the project appropriately will depend on an information-based strategy. Analyzing and developing production systems that are compatible with biodiversity conservation, monitoring the impacts of management decisions, and adapting project design is the only appropriate way forward. Part of this strategy will involve the recuperation, protection and dissemination of local knowledge, which will thus strengthen indigenous systems of resource management.

Component 2. The Fundacion's participatory approach involving communities, local and regional organizations, with special outreach efforts to indigenous organizations and groups of peasant farmers has been very successful to date. This incremental, bottom-up approach might ultimately be the only viable approach to develop institutions with regional authority.

Component 3.1. The project aims to build on the Fundacion's history of collaborative management identifies four specific activities that would provide economic benefits to local peoples:

The project proposes to help develop sustainable production systems. The systems that will be designed, validated, and implemented are basically farming and livestock for areas already under use. The project recognizes that this might be a significant technical challenge, especially (a) without significant and non-sustainable external inputs of resources and (b) the area under agriculture and livestock production is not expanded. Both limitations are necessary if the project is not to have negative impacts on biodiversity or detrimental impacts on the capacity of the area to act as a water catchment area.

The project proposes to focus on the provision of ecological services from the Sierra. Remuneration for ecological services could provide economic benefits to local inhabitants. This strategy however requires a defined regional authority and a strong national government presence. An additional constraint is that local municipalities have little understanding of their dependence on the water from the Sierra. The project recognizes these constraints and proposed to continue to build the institutional capacity within the region while continuing its extensive educational campaign.

The project proposes market "non-timber organic agricultural products". The potential for such marketing is unclear.

The project proposes to develop ecotourism activities. Indeed, the area has a rich cultural heritage, and was the site of the pre-Colombian Tayrona civilization. Significant sites, especially in an attractive tropical forest system, could make this an important tourist destination. However, the existence of significant armed conflict makes this a middle term strategy.

Component 3.2. The project proposes to enhance the network of protected areas. One approach has been to work with the Ministry of Environment and Parks to develop a new policy towards the communities living in and around the Parks. This activity will help address some of the tenurial threats identified above. Another proposed approach would be to connect the remaining areas under forest and traditional agricultural systems. However, the establishment of corridors linking protected areas is always difficult, especially when land tenure is poorly defined.

Component 3.3. The project proposed to establish an ecofund. Given the importance of the area, the need to long-term sustainable support of management, and the limited capacity to absorb project funds, this is an important part of the overall strategy.

Conclusion The Sierra Nevada de Santa Marta is an important biodiversity area. The Fundacion Pro-Sierra Nevada de Santa Marta is a national NGO with considerable standing and the ability to implement on-the-ground activities. The participatory approach followed by the Fundacion to involve local and regional groups in the collaborative management of the area is the most reasonable way to conserve the region. The principal challenges that will be faced by the project are (a) the unstable sociopolitical context, (b) the difficulties of establishing appropriate management institutions, and (c) the technical challenge to design and help implement economic activities that are economically and ecologically sustainable. The project recognizes these challenges and has explicitly proposed activities to address them.

Response to STAP Reviewer's Comments

The STAP reviewer provides a balanced overview of the project, recognizing the importance of the area, the challenges inherent to project implementation, and the steps that have been delineated to minimize the risks resulting from these challenges. The reviewer agrees with project design and supports the project.

Global Environmental Objective The reviewer stresses the high biodiversity value of the project's area.

Program Development Objectives The reviewer agrees with the focus on sustainable management of the natural and productive systems as opposed to an emphasis on protected areas alone.

Project Development Objectives The reviewer states that the overall thrust of the project is appropriate and lists a series of indicators of success. These indicators are (i) sophisticated institutional presence, (ii) supportive government agencies, and (iii) considerable bilateral and multilateral support. He finds that the project takes into account the difficult environment in which it will be carried out and contains mitigation measures.

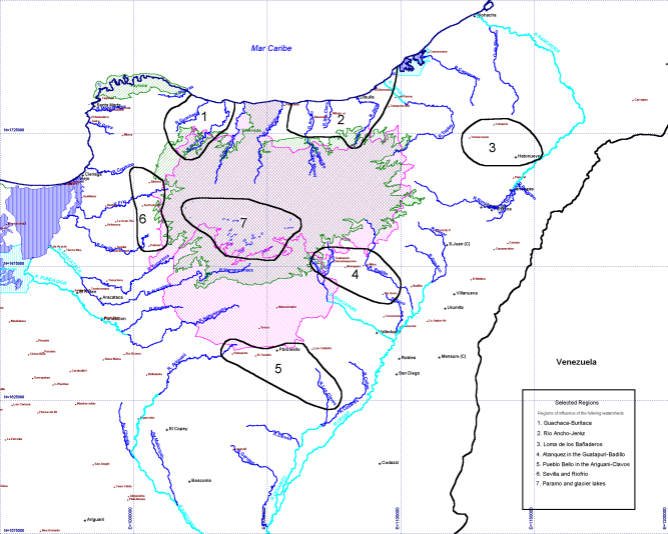
Project Activities The reviewer cites a series of issues to be encountered during project implementation and agrees with the steps taken to address these issues. These are:

(i) **Component 1** The project will support a broad strategy of information generation and dissemination. The reviewer agrees with the approach to be followed: analyzing and developing production systems that are compatible with biodiversity conservation and monitoring the impacts of management decisions.

(ii) **Component 2** Participatory approach. The reviewer agrees with the approach to be taken: to involve communities, local and regional organizations, indigenous organizations and groups of peasant farmers.

(iii) **Component 3** The project identifies four types of activities which would provide economic benefits to local peoples: sustainable production systems, ecological services, "non-timber organic agricultural products", and ecotourism. The reviewer points out that each poses technical and other types of challenges to carry out successfully. The reviewer agrees that establishment of a Trust Fund is an important part of the overall strategy.

In conclusion, the reviewer re-lists the important issues identified during project preparation, but agrees with the way the project will address them. The reviewer is supportive of project approval.



Mar Caribe

Venezuela

- Selected Regions**
- Regions of influence of the following watersheds:
1. Guachaca-Suricata
 2. Rio Ancho-Jenik
 3. Loma de los Bañadores
 4. Atonzueq in the Guatapuri-Badillo
 5. Pueblo Bello in the Ariguani-Clavos
 6. Sevilla and Riofrio
 7. Paramo and glacier lakes