

TO: GEF SECRETARIAT  
THE WORLD BANK/IFC/M.I.G.A.

# OFFICE MEMORANDUM

DATE: October 2, 1998

TO: Mr. Ken King, Assistant Deputy CEO, GEF Secretariat  
GEF PROGRAM COORDINATION

FROM: Lars Vidaeus, GEF Executive Coordinator 

EXTENSION: 3-4188

SUBJECT: **PDF Block B Requests**

Please find attached two PDF Block B requests for your review.

1. Bolivia: Achieving the Sustainability of the Bolivian Protected Areas System
2. Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region

We would appreciate receiving any comments by October 16, 1998, and look forward to reviewing these comments with the GEF Secretariat staff during the following week.  
Many thanks

### Distribution:

**Messrs.:** R. Asenjo, UNDP (Fax: 212-906-6998)  
A. Djoghlaif, UNEP (Nairobi) (Fax: 254-2-520-825)  
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cc: Messrs./Mmes. Werbrouck (LCC6C), Parker (LCC4C), Lovejoy, Huber, Ruiz,  
Vergara, Garfield, Isaac (LCSES); Kimes, Castro, Bossard, Maitre (ENV).

ENVGC ISC  
IRIS3

**Global Environment Facility**  
**Proposal for Project Development Funds (PDF)**  
**Block B Grant**

**Country:** Colombia

**Project Name:** Conservation and Sustainable Use of Biodiversity in the Andes Region<sup>1</sup>

**Requesting Agency:** World Bank

**Executing Agencies:** Ministry of Environment (MOE)/ Von Humbolt Institute and Regional Corporations

**Estimated Cost:** US\$30.00 million

**Financing Plan (tentative):**  
GOC - US\$ 8'000,000  
GEF - US\$15'000,000  
Co-financing - US\$ 7'000,000

**Project Duration:** Four years

**PDF Block B Funds Requested:** US\$350,000

**PDF Co-Financing:** US\$150,000 (GOC and cofinancing)

**PDF Executing Agency:** Von Humbolt Institute

### Background

1. Colombia is generally recognized to be one of the most biologically diverse nations in the world. With a total area of 1.14 million Km<sup>2</sup>, representing about 0.8% of world's surface area, Colombia hosts about 15% of all known living terrestrial species (Table 1). The country also possesses a great variety of ecosystems, (99 bio-geographical units identified to date, most probably the largest number in the world), and has over 50% of its total terrestrial area still under natural cover, including large extensions of rain forests, natural savannas and wetlands. The high degree of biodiversity is the result of: a) its tropical location; b) its geological history; and c) high variation in altitudes and ecosystems. These factors have contributed to the diversity of fauna and flora, and to a high degree of endemism.

Category	Number of species	Endemic	Ranking Diversity	% of world total endemic	Ranking Endemism
Higher plants	45000-51000	15000-17000	2	6.0-6.8	3
Vertebrates (except fish)	3374	634	1	2.6	3
Mammals	456	28	3	2	13
Birds	1815	142	1	8	5
Reptiles	520	97	3	19	11
Amphibians	583	367	1	63	1
Butterflies	3100	300	3	9	4
Endangered Birds	64	n.a.	6	n.a.	n.a.
Endangered mammals	35	n.a.	14	n.a.	n.a.
Cultural Diversity (ethnic groups)	81	n.a.	11	n.a.	n.a.

<sup>1</sup> The associated Amazon region is the contact point between the Andes and the Amazons.

<sup>2</sup> Mittermeier et al. (1997) MEGADIVERSITY, CEMEX, Mexico, D.F.

2. On the other hand, Colombia shares two of the most endangered biodiversity regions in the world: the tropical Andean (considered number 1 in the list of biodiversity hotspots), and the Choco/Darien/West Ecuador, (most of it is located in Colombia). The Choco region of Colombia is part of the Choco/Darien/West Ecuador bio-geographical region. The botanical biodiversity of the Choco has no parallel. It is estimated that it contains 12,000 species, of which 30-40% is endemic. It also is home to the largest concentration of palms in the planet and to 100,000 indigenous peoples from seven different ethnic groups. Compared to the Andean region, this ecosystem remains largely intact. However, it is under a considerable and immediate threat represented by four large infrastructure projects (proposed inter-oceanic channel, major highways, a new railroad line and several hydro-electrical projects) slated for the region. Other threats include the expansion of small-scale gold mining, expansion of the agricultural frontier and logging.

3. In contrast, the Amazon region of Colombia is likely to be the best preserved in the region as there is no surface-road infrastructure and the rivers are dotted with white water that prevent its navigation. The Colombian share of the Amazons is denominated the "High Amazon" and is the area of the basin that has been the least surveyed and studied and probably the sub-region with the most biological diversity. The contact point between the Andes and the Amazon basin has been characterized by some as the "most bio-diverse forest in the world"<sup>3</sup>. About 60% of the region has been declared "indigenous reserves" or protected areas, but these concepts largely remain in the planning stage with little if any actual protection being currently provided.

4. The Andean region is the most important area from the perspectives of biodiversity, endemism, and threats resulting from human intervention. Its fauna is the most diverse in the country and the region is considered to be the **epicenter of global diversity<sup>4</sup>, or the area of major biodiversity in the planet**. The region is host to the largest number of animal species in Colombia, including birds, butterflies and mammals. It includes 45 major ecosystems (biological districts) of extreme variety. Also, the Andes region is the most intervened area of Colombia and therefore represents one of the highest priorities in terms of management and conservation in the country. Although an estimated 5% of the area is under some sort of protection regime, the reality is that effective protection is fairly limited and further affected by social problems endemic to the country (social unrest, violence, illegal crops and land-tenure). The Colombian Andes has already lost an important share of its original forest cover and continues to be the area most intensively intervened in the country. A major cause of degradation in the Andes is the expansion of urban and human settlements and the concomitant rates of deforestation, soil erosion and degradation of wetlands. It is therefore urgent that actions be taken to solidify effective protection to areas already in the national system of protected areas while ensuring that any additional critical habitats and unique ecosystems are identified and afforded protection.

5. It is in this context that the project will focus on the Andes and its contact point with the Amazon region as this is the area subjected to the highest risks of severe loss of biodiversity, the area with the most biodiversity in the country and where additional efforts and resources are urgently required. The proposed project would complement activities already in execution or being planned with support from the GEF and the World Bank as described in paragraphs 5 to 7. It will also

<sup>3</sup> Gentry H. (1990) *La Selva Amazonica in Selva Humeda de Colombia* (Uribe et. al. Ed.) Villegas, Bogota.

<sup>4</sup> Myers, N. (1988) *Threatened Biotas: Hotspots in Tropical Forests*. The Environmentalist: 8:118-208

complement local efforts being undertaken by the Von Humbolt Institute with domestic resources and the conservation efforts of the Regional Development Corporations in the Altiplano Cundi-Boyacense and the Western range of the Andes. These efforts although limited in scope seek to protect the health of the local ecosystems in those regions.

6. **The National Biodiversity Plan.** Mindful of the global importance of these resources and aware of its potential for sustainable development, the Government ratified the Biodiversity Convention (ratified through Law 165 of 1994) and enacted a National Biodiversity Plan. At its most generic level, the Plan establishes three goals: a) promote conservation measures through the strengthening and expansion of the national system of reserves and protected areas, ii) recovery of degraded ecosystems and species in danger of extinction; b) encourage the sustainable and equitable use of biological resources and support the establishment of germ-plasma banks and bio-technology programs; c) improve and complement the knowledge on the existing genetic resources through the characterization of the different components of biodiversity in the country and the recovery of indigenous knowledge and practices in the use of these resources. GEF support has been provided through an Enabling Activity Grant in support of the preparation of the plan and the country's initial report to the CBD. This US\$253,000 project is currently implemented by MOE with the technical assistance of the Von Humbolt Institute. to "assist the country with the ability to formulate and manage sectoral and cross-sectoral program to meet the objectives of the Convention on Biological Diversity through a cost effective approach within the context of national sustainable development efforts, and to report to the Convention on progress achieved in implementing agreed commitments. The activities stipulated in this project thus focus specifically on implementing Article 6 of the CBD and on the preparation of the first national report pursuant to Article 26 of the CBD, which were highlighted as program priorities by the second meeting of the COP in its Decisions II/7 and II/17"<sup>5</sup>.

7. **Previous Support by the Bank Group.** Given Colombia's critical position in terms of global biodiversity, some efforts have already been made, with Bank support to protect it. For example, there is an on-going Bank operation in the area of management of natural resources (Loan 3692 *Natural Resources Management*). This US\$65 million project (US\$39 lent by the Bank), started in 1994 and is expected to close in December 1999. Its main objective is to develop policies and mechanisms that would contribute to arrest the ongoing degradation of natural renewable resources. It was the first phase of a longer-term program and would be expected to generate the policy, institutional and technical base for future forest management and land titling investments in the Chocó Region. The Bank has also supported through this project a review of incentives for conservation and management of small basins. In the Chocó, the specific objective is to help to conserve the primary moist forest and its biodiversity, while in the highland areas of the Western and Central Cordilleras, the specific objective would be to assist in halting and reversing forest conversion and degradation. The activities entailed in this project include: (a) support the development of a national forest policy and of a strategy for natural resource management in the Choco Region, including actions such as ecological zoning; the establishment of an environmental monitoring system for four ongoing forest use projects; and titling and demarcation of indigenous reserves and of Afro-Colombian communities; (b) in the western Highlands, protection and rehabilitation of selected watersheds; (c) investments for the improved management of national parks and buffer zones; and (d) strengthening of programs and institutions for

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forestry/environmental education, training, research and pilot projects. Project implementation has proved satisfactory to date.

8. **Other GEF Activities.** Besides the Biodiversity Enabling Activity, GEF has funded one project through its Pilot Phase program. *Conservation of Biodiversity in the Choco Region*, which is at its last stage of implementation. The principal objectives of this project are "the incorporation of biodiversity concerns into existing national development plans, the provision of scientific information for planning, land-use and the establishment of appropriate legal and framework, along with the identification of alternative production methods and uses for the sustainable use of biological resources. The project takes a participatory and multi-sectoral approach towards the fulfillment of its long-term objectives".<sup>6</sup> Implementation of this project has been satisfactory and experience with its implementation will be incorporated in the design of the proposed activity.

9. Several projects are currently under preparation with WB/GEF assistance. Two Colombian NGOs have received Block A grants to prepare Medium sized projects in the Western Choco region: Fundacion Natura is preparing "Conservation of Biological and Cultural Diversity in West Serrania del Baudo" which will address objectives within the framework of OPs 2 and 3; and Fundacion ProSelva is preparing "Community-Based Management for the Naya Conservation Corridor" which will address conservation objectives within the framework of OPs 3 and 4. These MSPs are building on the lessons and experience gained from the UNDP/GEF Pilot Phase Project, as well as on the previous efforts of the executing NGOs working with local community groups. Lastly, the World Bank is assisting Fundacion ProSierra Nevada prepare a WB/GEF integrated project which would support sustainable development investments and activities to promote the conservation and sustainable use of biodiversity in the Sierra Nevada de Santa Marta eco-region of Colombia (within the framework of OPs 3 and 4). A PDF Block B request was recently approved and preparation work is commencing.

### Project Objectives

10. The overall objective of the proposed project is to support the implementation of the National Biodiversity Plan and assist in the application of its key strategies (conservation, sustainable and equitable use and improved knowledge of biological resources) in the critical areas of the Andes region.

11. The project's specific objectives are: (i) to support and consolidate globally important protected areas of the region that are part of the national system (National Protected Areas, NPAs) in the Andes region; (ii) to strengthen the governmental and non-governmental organizations involved in biodiversity management and improve the regulatory framework for protection of biodiversity and endangered ecosystems; (iii) to restore and recover endangered endemic species, and degraded ecosystems of global importance (iv) to promote the sustainable use of native forests and of biological resources in buffer zones and protected areas through the identification of activities that enable use and conservation<sup>7</sup>; and (v) to improve the knowledge and the awareness of the scientific and local communities on the ecological and economic value of ecosystems present in the region.

<sup>6</sup> GEF, Project Status Report, February 1998.

<sup>7</sup> There are few remaining pristine areas in the Andes and therefore the protection of biodiversity will need to be linked to existing uses of the land.

## Project Description<sup>8</sup>

12. The activities to be supported through the project would be organized in project areas as follows:

**A. *Strengthening and expansion of the National Protected Area System in the Andes***

This component would assist in the definition, expansion and protection of a network of protected areas in the ecological corridors of the Andes. It would include: *i*) identification of priority areas not yet part of the National Protected Areas System (NPAS) in the Andes and planning for their eventual inclusion in NPAS, including when feasible, privately protected areas; *ii*) study of potential economic benefits of protected areas, including municipal, common, and private areas, in order to estimate tangible and intangible benefits derived from their sustainable use and protection and to integrate biodiversity protection into the main productive sectors of the economy and community development plans; *iii*) preparation and implementation of management plans for selected wetlands and upland sites; and *iv*) restoration of endemic species and natural water flows to selected sites.

**B. *Strengthening of the Network of Biodiversity Stakeholders.*** Under the proposed project, equipment and training would be provided to relevant government agencies, third parties and NGOs with legitimate interests, in order to strengthen their roles and capacities in managing biodiversity inside and outside protected areas. The project participants include the following groups: NGOs and educators engaged in environmental protection; regional governments, regional corporations, research institutions and protected-areas management staff. Also, the project would support the analysis of the provision of environmental services.

**C. *Developing and supporting programs for promoting the sustainable use of forests and other biological resources.*** The project would support investments and targeted research that would contribute directly to the sustainable use of biodiversity in protected areas and their buffer zones, including sustainable livestock grazing, hunting, and tourism as well as sustainable use of products such as gums, resins, plant-based waxes, oils, and biocides. The project would include activities for demonstrating and applying techniques to conserve biodiversity, such as the promotion of wild cultivars relatives of domesticated plants

**D. *Expanding the Knowledge Base on Biodiversity and Improving its Dissemination.*** Within the project area, the project would support and expand existing efforts to improve knowledge on the different aspects of the regions' biodiversity, its species, ecosystems fragility and needs for protection. The project is expected to play a critical role in on-going efforts to map and complete the botanical inventory and in the efforts associated with the identification of endangered species, as well as the planning of efforts for their restoration to original habitats.

**E. *Regional/International Collaboration.*** The project would support the implementation of collaborative arrangements regarding conservation, use and better

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<sup>8</sup> The detailed project description will be confirmed as the results of the activities sponsored under the Block B are successfully completed.



knowledge of biodiversity in the Andes/Amazon regions with the corresponding authorities and bodies that share responsibility for these resources. At the international level, and in the case of the Andes, efforts for regional cooperation with Venezuela and Ecuador would be supported. In the case of the high Amazon, cooperation with Ecuador, Peru and Venezuela would also be supported.

### **Eligibility**

13. Colombia ratified the Convention on Biological Diversity through Ley 165 of 1994. The proposed project is consistent with the GEF Operational Strategy<sup>9</sup> in that it supports long-term protection and sustainable use. The project would focus on mountain ecosystems and linked forests ecosystems (high amazon area), corresponding to Operational Programs 3 & 4.

14. In addition to the central themes of conservation and sustainable use, the Operational Strategy also notes that operational programs should ideally include three other types of supporting activities: underlying causes and policy analysis, stakeholder involvement, and targeted research. All three of these supporting activities are prominently featured in the current proposal. The project is also consistent with Colombia's National Biodiversity Plan (prepared in 1996).

### **National Level Support**

15. The proposed project has commitment from the highest levels of government. The project concept was developed by the von Humboldt Institute with strong support from the previous administration, and has now been confirmed by the new administration as a priority for WB/GEF support. The GEF national focal point has endorsed the project, and the Ministers of Finance and Economic Planning both requested that it be included in the WB/GEF pipeline during recent country programming discussions with WB management (Sept. 1998).

### **Description of PDF Activities**

16. PDF grant funds are requested for project preparation, including a detailed assessment of the investment and technical assistance needed under each component of the project. The PDF grant would finance the costs for national and international consultants for the activities listed in Table 2 and described below. The key activities and outputs to be financed under the PDF Block B grant are:

#### **a. Institutional Strengthening and Management Needs**

An assessment would be made of the institutional arrangements and management framework required for implementation of the proposed project. This assessment would identify the roles of the project participants, evaluate the needs for achieving project success (e.g., professional development and training and equipment), and recommend the management structure for project implementation. The main components of the project may be implemented separately by the key players (e.g., protected areas network planning and

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<sup>9</sup> This refers to the revised draft of the GEF Operational Strategy, dated September 29, 1995 (including revisions agreed upon during the October 25-27, 1995 GEF Council meeting and noted in the meeting's minutes).

management, and international/regional collaboration). The management structure for the project would be designed to minimize 'capacity bottlenecks' by allowing for its implementation by key institutions (including NGOs). The output would be a scheme for the institutional and management structure to implement the project.

**b. Social Assessment and Identification of Stakeholders.**

A Social Assessment (SA) that targets local populations which utilize priority project sites for hunting, fishing, grazing, and agriculture would be prepared and incorporated into the project to improve the effectiveness of project design and identify potential social risks. As many areas in the Andes are already being intervened, the social assessment would identify potential alliances between current users of biological resources and the needs for conservation of biodiversity (e.g., dual use of coffee growing areas for biodiversity purposes). The Social Assessment would entail identification of: *i*) key stakeholders located near the protected areas, *ii*) their needs *vis-a-vis* likely impact on protected area ecosystems, *iii*) mechanisms and rural development options to address these needs in a manner that would also support project objectives, and *iv*) mechanisms for the involvement of key stakeholders in overall project preparation/ implementation and management of the protected area.

**c. Information Needs for the Identification of Priority Project Areas and Preparation of Master Plan.**

The PDF will support the identification of information requirements and methodologies for the establishment of priority project areas, from a global biodiversity perspective in the Andes. This will entail the analysis of available information on the characteristics of the existing and proposed protected areas and their potential contribution to the preservation of biodiversity. This analysis will be made in cooperation with international agencies

**d. Identification of Conservation Awareness and Education Needs.**

This activity would involve the identification of the conservation awareness and education needs and opportunities in the priority protected area sites, and preparation of a plan for public awareness and educational activities that will support project implementation. NGOs and other organizations active in environmental education would be identified and consulted, and arrangements to ensure ongoing collaboration under the project would be established. The output would be a public awareness and education plan to be implemented under the project.

**e. Biodiversity Monitoring and Regional Cooperation Plan**

PDF resources would be used to explore opportunities to establish mechanisms for collaboration and information exchange among organizations involved with conservation along the Andean corridors, as well as with other regional partner institutions concerned with the conservation of the Andean regions. This component would also fund preparation of the monitoring and evaluation plan that would be used to evaluate the project itself. The output would be concise plans for monitoring key biodiversity parameters within the project region

and for achieving specific objectives in international cooperation of flyway management, and for monitoring and evaluation of the project itself. The plan would be prepared with the regional corporations, research institutes and MOE. The existing biodiversity monitoring activities would be assessed in order to identify areas in need of standardization, technical assistance, and investment under the project. A detailed plan for ongoing assessment and monitoring under the project would be developed.

**f. Identification of long-term mechanisms for conservation of protected areas and biological resources.**

PDF resources would also be used to conduct an analysis and identify long-term mechanisms and incentives for proper conservation of protected areas and biodiversity. The analysis will include the potential linkage to the Clean Development Mechanism and other financial sources that could assist in the capture of externalities associated with the conservation of biodiversity.

**g. Preparation of Cost Estimates and Financial Plan**

The full GEF proposal would include detailed cost estimates and specifications for project implementation. This activity would involve the preparation of detailed cost estimates and procurement specifications for all project activities, together with a financing and investment plan needed to implement the project. The plan will include incremental cost analysis to identify expenditures that would be financed by GEF, and will identify alternative sources of co-financing to support other portions and "non incremental" aspects of the project.

**Justification for PDF Grant**

17. The PDF grant will finance preparation only of those components of the project which are expected to have an entirely or largely global benefit. Preparations of components that are expected to generate significant national benefits are being financed with funds from the GoC and from other sources. The PDF will enable the formulation of the project in detail and will assist in the identification of project implementation issues, anticipated benefits and risks.

**Preparation Costs**

18. Total preparation costs are expected to total about \$500,000, which will be financed by GEF, GoC, the von Humboldt Institute, and other participating institutions. The expected preparation costs by activity and by financier are summarized in Table 2 (see next page).

**Timetable for Execution of the PDF**

19. Preparation activities will be completed 15 months after PDF approval. The project start up is targeted for FY 2001.

<b>Table 2 – Conservation and Sustainable Use of Biodiversity in the Andes Area Preliminary Financing Plan US\$</b>			
<b>Project Component</b>	<b>GEF</b>	<b>GOC &amp; Cof.</b>	<b>Total</b>
Institutional/Management Needs	35,000	10,000	45,000
Social Assessment and Identification of Stakeholders.	80,000	20,000	100,000
Methodology of Identification of Priority project Areas & Model Management Plan	100,000	70,000	170,000
Identification of Conservation Awareness Needs.	35,000	10,000	45,000
Regional Cooperation Plan	50,000	10,000	60,000
Identification of long-term conservation incentives/mechanisms	20,000	10,000	30,000
Preparation of Costs Estimates and Financial Plan		10,000	10,000
Project Coordination/Travel Costs	30,000	10,000	40,000
Total	350,000	150,000	500,000