



REQUEST FOR PROJECT PREPARATION GRANT (PPG)
PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

Submission date: 01/15/2010
Re-submission date: 01/22/2010

GEF PROJECT ID¹: 4135

GEF AGENCY PROJECT ID: CO-X1008

COUNTRY(IES): Colombia

PROJECT TITLE: Mechanism For Voluntary Mitigation Of Greenhouse Gas Emissions In Colombia

GEF AGENCY(IES): IADB, (select), (select)

OTHER EXECUTING PARTNER(S): Fundación Natura; Cecodes; MAVDT (Ministry of Housing, Territorial Development and Environment); Bolsa De Valores De Colombia (Colombia Stock Exchange)

GEF FOCAL AREA(s): Climate Change

GEF-4 STRATEGIC PROGRAM(s): Cc Sp-2 and Sp-6

NAME OF PARENT/PROGRAM/UMBRELLA PROJECT (if applicable): N/A

A. PROJECT PREPARATION TIMEFRAME

| | |
|------------------------|------------|
| Start date of PPG | 03/08/2010 |
| Completion date of PPG | 08/08/2010 |

B. PAST PROJECT PREPARATION ACTIVITIES (\$)

| List of Past Project Preparation Activities | Output of the Activities | Project Preparation Amount (a) | Co-financing (b) | Total c = a + b |
|--|--|--------------------------------|------------------|--------------------|
| Preliminary mapping of the potential demand for carbon mitigation and offsetting by the private sector in Colombia | Study with preliminary quantification of potential demand and its drivers. | ----- | 3.000 | 3.000 |
| Total Project Preparation Financing | | ----- | 3.000 | 3.000 |

C. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

Describe the PPG activities and justifications: The proposed studies will provide the technical inputs needed for project planning and design. The primary activities to be financed with this PPG are: (i) the technical, financial, legal and institutional development requirements and project design elements for the establishment of a Voluntary Emission Reductions (VERs) trading platform; (ii) the identification of a portfolio of forestry-based projects with feasibility for VER supply and their emission reductions potential; (iii) a benchmarking analysis of voluntary carbon market standards for REDD and A/F within the context of a Colombian supply; (iv) the diagnosis of international and national programs and approaches on corporate voluntary GHG mitigation and component design elaboration; (v) design of project components on communication and stakeholder outreach, including participatory stakeholder workshops and education/ promotion campaigns; and (vi) a coordination and project management scheme, which will facilitate project implementation and monitoring.

¹ Project ID number will be assigned by GEFSEC. If PIF has already been submitted, please use the same ID number as PIF.

| List of Proposed Project Preparation Activities | Output of the PPG Activities | Project Preparation Amount (a) | Co-financing (b) | Total c = a + b |
|--|---|--------------------------------|------------------|--------------------|
| Component I- Analysis of forestry-based emission reductions market and private-sector led business opportunities in Colombia, including: i) identification of the institutional and governance scheme to assure VERs' compliance with sustainable development and traceability criteria; ii) stakeholder assessment and involvement for the operation and governance of a trading platform for forestry-based VERs in Colombia; and iii) technical/operational recommendations for the design of the first component, based on cost-effectiveness analysis, baseline assessment and results indicators, indicative terms of reference of project activities, and detailed budget. | - Report and draft inputs of project documents and corresponding annexes | 12,000 | 5,000 | 17,000 |
| Institutional and governance consultation and discussions for consultation with national and sub-national stakeholders | - Proceedings of workshops and consultations for formulation and validation of component design | 8,500 | 3,000 | 11,500 |
| Component II-- Identification of potential REDD and A/F projects for voluntary carbon mitigation markets. - Preliminary portfolio-related stakeholder sensitization, consultation, and involvement. - Assessment of emissions reduction potential and BAU emissions scenario of the pre-selected portfolio. - Baseline analysis of carbon related information for forestry species suitable for REDD and A/F projects. | - Reports - Workshops and proceedings of stakeholder involvement and consultation. - Emission reductions quantification | 23,000 | 10,000 | 33,000 |
| Technical diagnosis and design of project component activities for forestry-based VER supply, including: Technical/institutional design of project component activities for supporting VER supply and development, based on cost-effectiveness analysis, baseline | - Report and draft versions inputs for preparation of project documents. | 10,000 | 3,000 | 13,000 |

| | | | | |
|---|---|--------|--------|--------|
| assessment and results indicators, indicative terms of <u>reference</u> of project activities, and a detailed budget. | | | | |
| <ul style="list-style-type: none"> - Benchmarking of voluntary market carbon standards for REDD and A/F and recommendation of the voluntary market standard to be used in the national trading platform. - Definition of basic criteria to incorporate REDD and A/F projects in the project portfolio. | <ul style="list-style-type: none"> - Reports and draft recommendations for the preparation of project document. | 10,000 | 3,000 | 13,000 |
| Consultation with relevant stakeholders and project-related communities to identify potential candidate projects for VER portfolio and legitimize process with project technical committee. | <ul style="list-style-type: none"> - Proceedings of workshops and consultations for formulation and validation of component design | 8,500 | 3,000 | 11,500 |
| <p>Component III –Diagnosis of international and national programs and approaches on corporate voluntary GHG mitigation and component design elaboration, including:</p> <ul style="list-style-type: none"> - A review of similar experiences in other countries, with special emphasis in Central and South America. - A review of the state of affairs of corporate carbon footprint mitigation and offsetting in Colombia, including identification of financial or other institutional incentives or programs and support mechanisms. - An assessment of the institutional capacity, at the national level, to support voluntary mitigation actions and practices. - Corporate emission reductions baseline and potential reduction assessment - Recommendations for the preparation of the corporate mitigation and offsetting program based on cost-effectiveness analysis; must include baseline assessment and performance/results indicators, terms of reference of project activities, and detailed budget. | <ul style="list-style-type: none"> -Report and draft versions inputs for the preparation of project documents. | 12,000 | 10,000 | 22,000 |
| Elaboration of project communication | Document with | 8,000 | 5,000 | 13,000 |

| | | | | |
|--|---|----------------|---------------|----------------|
| and stakeholder outreach design, including participatory stakeholder workshops, and design of education/promotion campaigns. | recommendations for the preparation of the outreach, stakeholder engagement and communication design for the Voluntary Mitigation Mechanism | | | |
| Design of Project Monitoring and Evaluation Framework. | Monitoring and Evaluation scheme | 8,000 | ----- | 8,000 |
| Preparation of project design and management. | GEF and IADB project documents and corresponding annexes | ---- | 10,000 | 10,000 |
| Total Project Preparation Financing | | 100,000 | 52,000 | 152,000 |

D. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

| | Project Preparation | Agency Fee |
|---------------|----------------------------|-------------------|
| GEF financing | 100,000 | 10,000 |
| Co-financing | 52,000 | |
| Total | 152,000 | 10,000 |

E. PPG REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹

N/A ¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

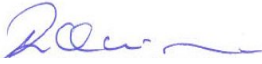
F. PPG BUDGET REQUEST

| Cost Items | Total Estimated Person Weeks for GEF Grant (PW) | GEF (\$) | Co-financing (\$) | Total (\$) |
|----------------------------|--|-----------------|--------------------------|-------------------|
| Local consultants * | 68 | 73,000 | 47,000 | 120,000 |
| International consultants* | 5 | 10,000 | ----- | 10,000 |
| Travel | | 12,000 | ----- | 12,000 |
| Workshop/publication | | 5,000 | 5,000 | 10,000 |
| Total PPG Budget | | 100,000 | 52,000 | 152,000 |

* Annex A for Consultant cost details should be prepared first before completing this table. See notes on Annex A for the required detailed information. This table is the sum of all local and international consultants presented in Annex A.

G. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

| Agency Coordinator, Agency name | Signature | Date (<i>Month, day, year</i>) | Project Contact Person | Telephone | Email Address |
|--|---|---|---|-------------------|--------------------|
| Ricardo Quiroga IDB-GEF Excutive Coordinator |  | January 12 th , 2009 | Carolina Jaramillo IDB-GEF Technical Focal Point | (202)623- 3148 | carolinaj@iadb.org |

Annex A**Consultants Financed by the Project Preparation Grant (PPG)**

| Position / Titles | \$/ Person Week¹ | Estimated PWs² | Tasks to be performed |
|---|--|--------------------------------------|---|
| Local | | | |
| Climate Change Specialist/Institutional Analyst | 1,200 | 10 | Identification of the institutional infrastructure to assure compliance with sustainable development criteria and traceability standards; ii) stakeholder assessment and involvement for the governance of a trading platform for forestry-based VERs in Colombia; and iii) technical/operational recommendations for the design of the first component based on cost-effectiveness analysis, baseline assessment and results indicators, terms of reference of project activities, and detailed budget |
| Forestry Specialist | 1,000 | 10 | Identification of REDD portfolio potential - Assessment of emissions reduction potential and BAU emissions scenario of pre-selected portfolio. - |
| Social analyst | 1,000 | 5 | - Stakeholder analysis for REDD/AF potential portfolio - Analysis of impact and opportunities for local communities, including indigenous peoples and afrocolombian groups. |
| Forestry and Carbon Specialist | 1,200 | 15 | - Baseline analysis of carbon related information for forestry species suitable for REDD and A/F projects, and definition of an information generation project. - Technical/institutional design of project component activities for supporting VER supply and development based on cost-effectiveness analysis, baseline assessment and results indicators, terms of <u>reference</u> of project activities, and a detailed budget. |
| Environmental Management/Climate | 1,000 | 12 | - A review of similar experiences in other countries, with special emphasis |

| | | | |
|---|-------|---|---|
| Change specialist | | | <p>in Central and South America.</p> <ul style="list-style-type: none"> - A review of the state of affairs of corporate carbon footprint mitigation and offsetting in Colombia, including identification of financial or other institutional incentives or programs and support mechanisms. - An assessment of the institutional capacity, at the national level, to support voluntary mitigation actions and practices. - Corporate emission reductions baseline and potential reduction assessment - Recommendations for the preparation of the corporate mitigation and offsetting program based on cost-effectiveness analysis; must include baseline assessment and performance/results indicators, terms of reference of project activities, and detailed budget. |
| Social/communication specialist | 1,000 | 8 | Recommendations for the preparation of the outreach, stakeholder engagement and communication design for the Voluntary Mitigation Mechanism |
| Monitoring and evaluation specialist | 1,000 | 8 | Develop proposal of the project's monitoring and evaluation scheme |
| <i>International</i> | | | |
| Carbon Markets/Climate Change policy specialist | 2000 | 5 | <ul style="list-style-type: none"> - Benchmarking of available voluntary standards and recommendation of the voluntary market standard to be used in the national trading platform; certification process formulation and operations manual. - Definition of basic criteria to incorporate REDD and A/F projects in the project's portfolio. |

¹ Provide dollar amount per person week.

² Provide person weeks needed to carry out the task and corresponds to the dollar amount per person week in the previous column.