

**Forest Conservation and Sustainability in the Heart of the Colombian Amazon Project (P144271)**

**PCN Review Meeting - April 22, 2013  
UPDATED RESPONSE MATRIX (after PCN Meeting)**

| <b>Comments related to:</b>             | <b>Author</b>           | <b>Comments</b>  | <b>TT's response</b>   |
|---|-------------------------|--|--|
| <b>PDO</b>                              |                         |  |  |
|   | <b>Africa Olojoba</b>   | PDO and Global Environmental Objective: The PDO as it is presently is very broad and would be better if it is a bit enhanced to show that project activities will contribute not only to forest governance, but towards sustainable forest management and build capacity in land use planning, zoning and titling. I also miss seeing the Global Environmental benefit of this project. The team may want to include one or two paragraphs on this in section II. Further, the proposed project will include Gender specific activities and mechanisms to monitor gender related impacts - - How? A sentence or two starting with "such as" or "for example" suffices at this concept stage. | The team understands the PDO is inclusive in terms of sustainable forest management and build capacity in land use planning, zoning and titling.<br><br>Gender related activities will be identified during preparation and in particular during the preparation of the project's Social Assessment.         |
|   | <b>Astrid Helgeland</b> | The PDO/GEO is currently a little wide and could be further strengthened by better specifying what is meant by improved governance. At what level will there be improved governance and who will benefit? Furthermore, the team may wish to elaborate the description of the indicators. For example the first one: Three million hectares of conservation areas (are these new areas?) and several (how many?) sustainable use areas (how is sustainable use defined?).   | Thanks for your suggestions. The Team will discuss the proposed PDO with the client and present a more refined version at QER stage.   |
|   | <b>Imad Saleh</b>       | Project Development Objectives. We second other reviewers' comments on the need to revise the PDO and the Key Results.   | The team will provide a revised version by QER.  |
| <b>PROJECT DESIGN</b>                   |                         |  |  |
|   | <b>Mark Zimsky</b>      | The project design is fully aligned with the GEF biodiversity strategy and is well-articulated. The project builds on a large body of expertise and experience in Colombia in managing her protected area estate and is a worthy addition to the Bank's history of innovative biodiversity and multi-focal projects within the country.  | Thank you.   |
| <b>OUTCOMES, OUTPUTS AND INDICATORS</b> |                         |  |  |
|   | <b>David Sislen</b>     | Key results. I found some of the "key results" a bit puzzling or maybe just not clear enough to me how they would directly contribute to improved land management and/or reduced levels of deforestation. For example, "agreements and policy changes achieved and implemented with at least 3 sectors" and "sustainable financing models developed and implemented." Important process elements, without any doubt (and critical for multi stakeholder buy-in of any conservation program) but wondering whether it would be possible to get  | The wording of the key results will be improved and better supported by the project description to be provided in the PAD. The team is advancing in line with the proposed and would select those sectors with major impacts. The team will work with the client to clarify the drivers of poor land use and |

|  |  |  |
|--|--|--|
|  | <p>much more specific -- what specific policy changes are needed? Are policy issues or buy in from industry groups the heart of the matter (they may well be, its a genuine question) or are issues like capacity on the ground, enforcement, illegality (e.g. illegal "artisanal" mining)? Some of the big issues you point out, like the trans-Amazon road (Marginal de la Selva) are wholly within the ability of MADS as the issuer of an environmental license, to stop. So why can't they? So I guess what I'm saying is that greater clarity on the drivers of poor land use management might improve your ability to articulate key results which are directly linked to them. With such a robust framework for protected areas (at least on paper) are there concrete policy drivers which are not expansion of the agricultural frontier into the protected areas? I'd posit that you might want to take a look into the linkages between land use planning and the mining and hydrocarbons cadastres (managed by the MME and ANH, respectively) where I think you'll find a lot of issues. But even there, trying to understand the underlying reasons that a system can be development with massive overlap between mining concessions and the protected Amazon means you have to dig into issues which are uncomfortable (governance, enforcement, etc.) In summary, I'd challenge the team to think a bit more about root causes and see if the actions proposed in the project are addressing them.</p> <p>Key results, continued. The CO2E target that you quote several times. You mention twice in the document that, "if successful, the project will avoid millions of tons of CO2 emissions." I don't have the slightest doubt that protecting an incremental 3 million ha will be incredibly beneficial and as you know I wish the government would be MUCH more bold about dealing the Amazon. But we are talking about a project that will end up in the demarcation/designation of protected areas when Colombia already has much of the Amazon demarcated and, at least from the PCN, its just not clear how one can make the logical linkages between the project activities and outcomes on a concrete CO2 emissions reductions target. Clearly, this is where your other results on "agreements with sectors" are important inputs. But it would seem to me that things that are way out of our control like changes in the price of commodities (affecting the financial viability of mining) would have a far greater impact on deforestation pressures than the levers which are being pulled under this project. My point is that you might achieve 100% of your project objectives but if gold and oil prices shoot up you could end up with far</p> | <p>address the challenging issues around governance and enforcement. Sustainable financing models will tend to consolidate the existing initiatives (Trust Funds) involving other donors and integrating new instruments (Payment for Environmental Services, National Biodiversity Offset Scheme) to ensure long term sustainability for the protected areas in the region. Recently, the Ministry of Environment released a manual for a national biodiversity offset scheme, which establishes clear procedures for identifying and quantifying measures for offsets in terms of biodiversity loss. The team will clarify how this project can provide an entry point for exploring options for sustainable financing streams from a nationally aggregated biodiversity offset scheme, establishing a link between private sector investments (mining, oil and other concessions) with National Parks needs for financing conservation programs.</p> <p>The team will explain de logical linkages between the project activities and outcomes on concrete CO2 emissions reductions targets during preparation. The team will consider the advice in terms of the evolution of some key drivers and the impact of deforestation. In fact, project design will seek to include some tools to monitor these drivers and to identify those measures to adapt the project to a changing context.</p> |
|--|--|--|

|  |                    |  |  |
|--|--------------------|--|--|
|  |                    | greater levels of deforestation since the key drivers (see para above) might not be exactly the ones that are being tackled. In short, take care not to set yourself up for failure in how you describe the expected impacts of the project.   |  |
|  | <b>Mark Zimsky</b> | <p>a. With regards to outcome one: “Three million hectares of conservation areas and several sustainable use areas are designated within the land use zoning of the Amazon Forest Reserve”, please clarify if these areas will be formally gazetted and what their legal status will be by the end of the project and include this terminology in the outcome itself. In addition, will the project implement any management of these protected areas? If so, outcome one should set a target for improving management effectiveness of these areas. If not, please discuss how, after the project, these areas will be managed, by whom, and with what financial resources. GEF’s biodiversity strategy places a great emphasis on the sustainability of protected area systems, hence, we are reticent to support expansion without consideration of the financial sustainability of new areas that might be established as a result of a GEF investment.</p> <p>b. With regards to outcome two: “Regional and local environmental authorities, as well as of indigenous authorities, are institutionally strengthened for the sustainable management and monitoring of the Amazon frontier”. Please clarify how, and whether, this is related to outcome one above. What exactly will the authorities be monitoring and managing; will it be all or part of the additional three million hectares? Please clarify both points.</p> <p>c. With regards to outcome three: “Agreements and policy changes achieved and implemented with at least 3 sectors driving deforestation (cattle, timber, agriculture, oil, finance, mining, infrastructure, land titling and cadastre)”, given the advanced understanding of deforestation dynamics in the Amazon, why can’t the project at this stage identify what sectors will be identified as the target sectors, i.e., that are the highest priority since they represent the most powerful drivers of deforestation? In addition, please clarify what “agreements” will be achieved. Will these agreements have the force of law? What will be the content of the agreements and policy changes such that they are a measurable outcome? For example, we support projects that change policy—creating incentives or disincentives—to encourage biodiversity-friendly actions on the part of private sector actors, resource-users and resource-user groups and other relevant stakeholders. Therefore, the outcome might be better phrased as “Biodiversity-friendly (or biodiversity-enhancing) agreements and policy changes achieved and implemented in the</p> | <p>All the targeted “biodiversity conservation areas” will be formally designated as protected, however, the legal level of protection will differ depending on the specific area’s category. These categories will be determined to the extent possible during project preparation and will include both fully protected areas (such as national parks) as well as sustainable use areas (such as existing indigenous lands and forest reserves). Moreover, the land use plan governing the whole of the 11M ha under the project will have legal weight in and of itself.</p> <p>With respect to implementation of management activities, the project will support the following inter alia: implementation of the management plan for an expanded Chiribiquete NP, coordinated management with the National Policy on Territorial Consolidation, implementation of the National Forest Strategy for Prevention, Monitoring, and Law Enforcement in the Chiribiquete Land Use Planning Area.</p> <p>With respect to long term financing, The project contemplates developing financial instruments for financing the different outcomes of the project to guarantee their sustainability. These may include the use of the novel biodiversity offset scheme developed by the Compensation Manual for Loss of Biodiversity developed by the Ministry of the Environment.</p> <p>Outcome 2 seeks to strengthen these</p> |

|  |  |  |   |
|--|--|--|---|
|  |  | <p>key sectors driving deforestation: list them here.” If the focus of these policies, geographically, is in the production landscape, then this element of the project is actually aligned with the second objective of the biodiversity strategy on biodiversity mainstreaming. Please clarify.</p> <p>d. With regards to outcome four: “Sustainable financing models developed and implemented for long term sustainability of proposed actions.” Please be more specific as to what this financing will support: the management of the new protected areas, the institutional strengthening of authorities and indigenous authorities, and/or implementation of policies? While we want this clarity in the GEF data sheet, by the time of CEO endorsement we would also request that targets be established for revenue generation if this revenue is to be channeled towards the management of protected areas. This would require the identification of the funding gap and committing to a percentage reduction of this gap.</p> | <p>stakeholders in monitoring mechanisms to control deforestation and to enforce the implementation of PAs as well as the land use plan as a whole. It will involve the entire project target area. At PCN stage, the team has identified the potential activities to include: deforestation monitoring and enforcement, illegal logging monitoring and enforcement, enforcement of environmental regulations, increase in coordination and improvement in the means of indigenous communities for the governance of their territories. The latter includes support for the agreements achieved between indigenous communities and the government through the participatory consultation process for the expansion of Chiribiquete National Park.</p> <p>Outcome 1 and 2 will be reformulated to clarify the above.</p> <p>The team agrees with the proposed adjustment of wording of the outcome and that it is well aligned with the second objective of the BD strategy on biodiversity mainstreaming.</p> <p>The selection of sectors is part of the project preparation process as although understanding of deforestation dynamics is well advanced, there is a need for further study and a participatory process to reach agreement on prioritizing these. The focus is expected to be cattle ranching, agriculture, logging and land cadaster.</p> <p>Agreements will include public private partnerships, voluntary commitments from the private sector, regulatory and incentive schemes by the government. The agreements</p> |
|--|--|--|---|

|                             |                    |  |   |
|-----------------------------|--------------------|--|---|
|                             |                    |  | <p>will not only be biodiversity-friendly but climate-friendly as well, and will also aim to improve livelihoods.</p> <p>With respect to Outcome 4, we will identify the funding gaps at the protected area level and define targets by DM/CEO endorsement.</p>   |
| <b>TECHNICAL COMPONENTS</b> |                    |  |   |
|                             | <b>Mark Zimsky</b> | <p><b>CLIMATE CHANGE MITIGATION COMMENTS</b></p> <p>1. On page 3, the document notes that “there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.” Given that the project is requesting Climate Change Mitigation (CCM) funding to achieve mitigation benefits, this statement seems incorrect.</p> <p>2. Page 7, the PCN states that the project is consistent with the GEF 5 BD, CCM and SFM Focal Area Strategies. Specific CCM strategic objective/s that the project will contribute towards need/s to be identified. Without identification of such objective, it is challenging to provide appropriate comments.</p> <p>3. Project components and activities do not explicitly include mitigation, which leads to an assumption that the final project design will not sufficiently consider and address issues related to GHG emissions. It is noted that output 3 will include capacity building to account for GHG emissions reduction. However, the PCN does not include any description of the current status of GHG accounting in the country, the gap the current project will fill and how the capacity built will be implemented through the project to account for GHG emissions reduced or carbon sequestered.</p> <p>4. Over sixty percent of the GEF funding is through Biodiversity (BD) so it is understandable that biodiversity is the focus of the project. However to rationalize the CCM funding request, clear linkages need to be drawn and</p> | <p>This will be fixed. Thank you.</p> <p>The specific strategic objectives that the project plans to address are: CCM-5: LULUCF: Promote conservation and enhancement of carbon stocks through sustainable management of land use, land-use change, and forestry; and SFM/REDD+ - 2: Reducing Deforestation: Strengthen the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from LULUCF activities.</p> <p>Mitigation activities will be included mainly under component 2. The team will describe the current status of GHG accounting initiated under IDEAM and will identify the gaps for capacity building to be implemented under this project in a detailed Annex to be provided to the GEF.</p> <p>CCM funding is catalytic because it enables SFM funding. It also provides for the inclusion of climate change mitigation concerns in the agenda of all the public</p> |

|  |                    |   |  |
|--|--------------------|---|--|
|  |                    | <p>explained on how CCM funding would support activities that directly generate benefits in terms of greenhouse gas emission reductions or carbon sequestration. Clarifications need to be provided on how this seemingly limited (10% of the total GEF grant) will be catalytic and accomplish the goals that would otherwise not be accomplished through the BD and SFM funding.</p> <p>5. The project needs to clarify how it will adequately address drivers of deforestation so that the net carbon emissions could be reduced at the proper scale. The project should articulate how it will establish a mechanism to ensure the sustainability, replicability, and potential for scaling up of net carbon benefits that will be gained through the project. The project should also establish a system to ascertain the impact of the project in this regard.</p>  | <p>private agreements that are the objective of the project, examining the carbon footprint of these activities and design the agreements with GHG reductions in mind.</p> <p>Agreed. The team will work with the client to clarify the drivers of deforestation, however, at this early preparation stage we think that for this specific area the key drivers are such as cattle ranching, agriculture and logging. We expect that the CCM funds will support activities that will influence these sectors, which we expect to be more relevant for reducing GHG emissions in the project area than oil and mining. It is anticipated that the lessons learned and models developed will be both relevant and replicable in other areas of the Amazon.</p>                             |
|  | <b>Mark Zimsky</b> | <p><b>SFM and MULTI-FOCAL AREA COMMENTS</b></p> <p>1. The structure of this proposal as a true multi-focal area project requires additional clarification due to the value of BD funds in relation to CC funds. Please provide a clear rationale for the use of this modest amount of CC funds and a justification of why use of this level of additional CC funding will be able to secure outcomes that would not be available through the use of BD funds alone.</p> <p>2. The connection with SFM/REDD+ Objective 2 which focuses on enhanced institutional capacity to account for GHG emission reduction and increase in carbon stocks is not evident in the documentation. Information on GHG accounting and how this will be enhanced by the project is limited. Please make explicit the link to this objective and clearly identify the GEBs that are expected to result. Estimates of GHG benefits (at Tier 1 level) are expected at this stage.</p> | <p>The main focus of the project is to combine actions to reduce deforestation in the project's area, which has direct implications for carbon emissions reductions and biodiversity conservation. This is an innovative approach in the context of Columbia where CC funding is typically directed at transport and energy efficiency as opposed to LULUCF. The CC funding is fundamental to support improving the capacity to monitor deforestation and good management practices in the forest lands. Unfortunately, although the team would like to expand support for this innovative, pilot approach, there are no more CCM funds available for the national programming for GEF funds..</p> <p>The Amazon is the priority region for the implementation of REDD+ in Colombia.</p> |

|  |                       |   |  |
|--|-----------------------|---|--|
|  |                       |   | IDEAM is in charge of monitoring deforestation and preparing the country's GHG emissions baseline in 2013. This is basically a new and limited capacity so this project would support monitoring of deforestation, pilot the monitoring of forest degradation and enhance GHG accounting capacity. |
|  | <b>John Fraser</b>    | <p>Since component 2 seeks to develop a "financial mechanism" for effective management of PAs, I don't think the team should limit their review of options for sustainability to Payments for Ecosystem Services. It would seem to me that this project provides a particularly excellent point of entry for exploring options for establishing substantial financing streams that could be derived from a nationally aggregated biodiversity offset scheme (a.k.a. national net positive biodiversity gain policy), which could establish the link between private and public sector investment in development, with the public sector needs for financing the national conservation program in perpetuity. It could also provide for greater operational effectiveness, and independent monitoring of delivery of conservation impacts.</p> <p>Colombia recently passed an "offset manual" into law - - but this does not yet provide for transfer of funding or liability for managing offsets to a State endorsed entity (such as Patrimonio Natural), and so there are many outstanding questions about the operational feasibility and sustainability of the offset scheme as outlined in the manual. However, it would NOT be a huge conceptual leap - and could be a truly transformational intervention - if Colombia were to be among the first countries to make the move to a policy and scheme to ensure no net biodiversity loss (or even net biodiversity gain) - at the national level. Colombia seems very well placed to take that leap.</p> <p>Perhaps at this stage, it would be appropriate to flag in the PCN that a nationally aggregated biodiversity offset scheme is as an option for financial sustainability that will be explored under the project?</p> | Many thanks for this very useful comment and proposal. The team will explore the proposed option. The team is incorporating this comment into the Concept note.  |
|  | <b>Africa Olojoba</b> | Project Components: I like the tentative titles of the 4 components, especially the third one. However, would suggest that the title of the first component: Protected Areas and Land Use Zoning be changed to Protected Areas and Land Use Planning. The change is premised on the fact that Land Use Planning usually leads to zoning (sometimes referred to as land use regulations). As a   | The team thanks the contribution and agrees with the proposed wording for Component 1 title.   |

|  |                               |  |  |
|--|-------------------------------|--|--|
|  |                               | <p>tool for land use planning, zoning regulate the types of activities that can be accommodated on a given piece of land. This component should be seen as transcending zoning, but would also address titling and thus supports a more broader use of Land Use Planning than Zoning. In addition, land use planning in this context will not only address zoning and tilting, but would ensure preservation and protection of wildlife and the Amazon Forest reserve</p>  |  |
|  | <b>Stefano Pagiola</b>        | <p>Overall, the PCN appears to be a promising expansion of Colombia's efforts in a particularly important and vulnerable area. The PCN includes many of what are very likely to be important parts of the response. However, it provides very scant details on what exactly the proposed activities would entail, and how they would work together. Payments for Environmental Services (PES), for example, are mentioned as one of the means by which incentives for conservation would be provided. But how would such PES be financed? Experience has shown that while short-term PES can work to stimulate adoption of environmentally-friendly productive activities eg silvopastoral practices, as in the on-going GEF Sustainable Cattle Ranching Project in Colombia, one of whose sites is near the project area), they do not work for long-term conservation. For PES to provide effective incentives for long-term conservation, long-term payments are needed (eg in 5-year contracts renewed indefinitely), which in turn requires a long-term funding stream, and a long-term organization to administer the payments, monitor compliance, etc. This is by no means a trivial endeavour, either financially or logistically. Some additional detail on how these challenges would be addressed would have been very helpful in determining whether this approach is a realistic one. Given the potential impact on deforestation, REDD could be one possible source of funding for such a PES program, but of course there is at present substantial uncertainty over the future of REDD, and even if comes into effect what its precise requirements would be and how much it would pay. Thus, if REDD is envisaged as a potential funding source, the risks need to be clearly articulated.</p> | <p>The team thanks the comments which will be considered during project preparation. At this point, this project would not seek to create and implement a PES system in the field. The project would be able to explore PES options and to develop a business plan for them.</p>   |
|  | <b>José Luis Alva-Luperdi</b> | <p>Identification of Project areas: We would appreciate some clarification related to the Project area. Could we say that Project Areas are identified Protected Areas legally created under Colombia Law which are physically located within the Colombian Amazon?, Or Does the Project areas go beyond Protected Areas? This clarification would help us when designing legal documentation.</p>   | <p>In terms of the project target area, this would involve the implementation of the management plan for an expanded Chiribiquete NP and the implementation of the National Forest Strategy for Prevention, Monitoring, and Law Enforcement in the Chiribiquete Land Use Planning Area. In addition the project would support the preparation of zoning and planning proposal in the Forest Reserve in Meta and Vaupés and</p> |



|                |                     |   |   |
|----------------|---------------------|---|---|
|                |                     | <p>Project components :</p> <p>(i) What kind of incentives will be provided under the Project for conservation purposes? Would these incentives be materialized as provision of subsidies, grants?</p> <p>(ii) How GEF funds will support public-private agreements?</p> <p>(iii) Is the team foreseen sub-projects (i.e. sub-project agreements?)</p>  | <p>will facilitate the identification and analysis of land tenure in areas compatible with productive uses according to the zoning proposal of the Forest Reserve.</p> <p>Incentives could include exploring PES options. Other incentives would be: agreements with major commercial partners to encourage and support cattle ranching conversion, including silvopastoral systems, design, pilot demonstration and promotion of productive arrangements for food security with peasant and indigenous communities, including through community nurseries and plots, support the removal of bottlenecks in the production and commercialization of well-researched Amazonian natural products, including with targeted research and private sector agreements, training of local communities and promotion of Amazonian production systems and implementation of incentives for Amazonian products (subsidies, loan guarantees, technical assistance, etc.) in priority areas under sectoral agreements.</p> <p>GEF funds will support the dialogue process with meetings, workshops, etc.</p> <p>At this point no subprojects are expected. However the team will explore this option during preparation.</p> |
| <b>FUNDING</b> |                     |   |   |
|                | <b>David Sislen</b> | <p>Taking bolder action on the Amazon. It's great to note the Government's initiative entitled "Governance for Conservation and Sustainability at the Heart of the Colombian Amazon" and I had the privilege of being involved, at the margins, in discussions about a national strategy for the Amazon. Would be interesting to know what you really think of this initiative. Is it bold enough? Is there real commitment to it? The Amazon is so far away from Bogota in all</p> | <p>The "Governance for Conservation and Sustainability at the Heart of the Colombian Amazon" initiative is fully supportive by the Government and the project is part of this response. The support has also been expressed by other donors, which in fact would be part</p>  |

|                                    |                       |   |   |
|------------------------------------|-----------------------|---|---|
|                                    |                       | senses and it seemed a pity that greater policy focus has not been placed on its conservation and sustainable use. Might be interesting, as you deepen your engagement with the authorities, to see how international finance could play a role in building consensus for a major program (though \$9m of GEF money is a great start!)  | of this project contributing with a total co-financing. This group of donors is comprised by TNC, GIZ, the Government of Norway (International Climate and Forest Initiative), the US Department of Interior (ICAA project), FAO, UNDP, BNDPES (Amazon Fund) and probably the Morro Foundation.   |
| <b>IMPLEMENTATION ARRANGEMENTS</b> |                       |   |   |
|                                    | <b>Africa Olojoba</b> | Implementing Agency Assessment: I noticed multitude of implementing/executing agencies, I counted about 5. The team has to be cautious here as you do want to leave the coordination of these agencies with a steering committee or interagency advisory group. I do not know how it works in LAC, but in Africa (No, not me this time, I mean the Africa region!), it was disaster where it was tried. I would suggest a PIU at MADs or the National Park Service. | Thank you for the comment. A steering committee will be the platform to harmonize project activities and get the political endorsement from the participating entities. However, and in terms of execution, implementation agreements will be signed with each entity with clear roles and responsibilities. This will help to ensure proper execution and a good level of coordination since the very beginning.   |
|                                    | <b>Imad Saleh</b>     | Implementing Agencies. There seems to be a number of executing agencies. It will help to clarify the different roles of these agencies and to use preparation of the project to focus project management and fiduciary responsibilities, to the extent possible, within 1-2 agencies. Other agencies can have roles on executing specific activities or be beneficiaries.   | The team confirmed that <i>Patrimonio Natural</i> will be the main project executant. <i>Patrimonio Natural</i> will lead the fiduciary aspects of the project and would enter into Implementation Agreements with other participating entities involved in different activities of project's components. In addition, the project will create a Steering Committee to ensure not only the overall political buy-in but also to involve the priority sectors connected to Component 3. The spirit of the Steering Committee will be replicated at the local level in order to involve local governments, NGOs and indigenous people during project implementation. By QER, the team will detail the roles and responsibilities of the participating entities and will perform a thorough assessment of this management structure. The team will also provide a clear description in the project documents in order to provide a better understanding of the |

|  |                                |   | eventual flow of funds (if any)   |
|--|--------------------------------|---|---|
|  | <b>Jorge Luis Alva-Luperdi</b> | <p>Grant Recipient : According to the Project documents, the Grant Recipient will be the Ministry of Environmental and Sustainable Development (MESD). The team may want to consider the legal structure used for the additional financing for the Colombian National Protected Areas. This approach could help the team design the Project. In the referred additional financing, the Grant Recipient was directly Patrimonio Natural (and not the Ministry/Parques Naturales). Patrimonio was receiving the funds since it was the entity responsible for all the fiduciary aspects of the Project (financial management, procurement, etc) -which seems to be the case in the proposed Project.</p> <p>· Executing Entities: the PCN lists an important number of other implementing entities. For ease of reference, it would be important to establish which entities will be just providing technical expertise and which ones will be receiving GEF funds. Also, some clarification is needed with respect to who will be responsible for all the fiduciary aspects of the Project. In one hand, the PCN indicates that MESD may have some capacity issues for carrying out procurement and financial management aspects of the Project. It gives one the impression that MESD will be carrying out fiduciary aspects of the Project. In the other hand, the PCN indicates that Patrimonio will be responsible for all the procurement and financial management aspects of the Project. Clarification is needed in order to carry out our fiduciary assessments (including legal one and therefore starting thinking of appropriate Project legal designing).</p> <p>Implementation Arrangements: Please have in mind that the signing of one Implementation Arrangement with all the participating entities may be a very difficult task. If this option is the agreed one, early discussions with all the parties are recommended.</p> <p>Acción Social: We understand that Agencia Presidencial para la Acción Social y la Cooperación Internacional (Acción Social) signs all the Grant Agreement on behalf of the Republic of Colombia. Therefore, it would be important to engage them at an early stage since they will have to review any draft Grant Agreement for review/comments.</p> <p>Other comments: the team may want to revise the Project documents before publishing them. For instance: in the PCN: the Grant Recipient would not be a</p> | <p>Noted. The Grant Agreement (GA) will be signed directly with <i>Patrimonio Natural</i>, which will be the recipient of the GEF Grant funds. <i>Patrimonio Natural</i> will act as the financial and procurement agent for the project.</p> <p>See response provided to I. Saleh comment above.</p> <p>The team will consider this recommendation.</p> <p>Thank you. The team might need to clarify who would be the Recipient. The Grant Agreement (GA) will be with. <i>Patrimonio Natural</i>. The other agencies will be referred to by the subsidiary agreements included in the GA. The team will maintain further discussions with LEGLE.</p> <p>Noted. Thank you.</p> |

|                           |                                |  |   |
|---------------------------|--------------------------------|--|---|
|                           |                                | Ministry (it would be the Republic of Colombia or Patrimonio Natural); in the PID: it refers to a Loan and Borrower instead of Grant, Recipient.   |   |
| <b>SAFEGUARD POLICIES</b> |                                |  |   |
|                           | <b>Africa Olojoba</b>          | This is well prepared. However, as the ESMF is mentioned as the appropriate instrument for the Environmental Assessment Policy - - the IPDP (since the indigenous people are already known) and Process Framework should also be mentioned as appropriate instruments for the triggered Indigenous Peoples and the Involuntary Resettlement Policies. Further, please include names and dates of the Sector Manager and Regional Safeguards Adviser.   | The team agrees with this comment. Thank you. The team will be making a decision regarding the social instrument as part of the social assessment during preparation.   |
| <b>RISKS</b>              |                                |  |   |
|                           | <b>Jorge Luis Alva-Luperdi</b> | Key Risks and Issues: We understand that many potential project activities have been agreed with beneficiaries. Terms and conditions of these agreements are not known. However, if Sub-projects are expected to be carried out beneficiaries: (i) Sub-projects should follow Bank's policies (anticorruption, procurement, safeguards, etc.) and (ii) beneficiaries should be signing sub-project agreements which will include Bank's anti-corruption provisions. This may cause some resistance so early communication is recommended.  | So far the team can confirm that Implementation Agreements would be signed with entities taking co-execution roles. These agreements will follow terms and conditions acceptable to the Bank.   |
|                           | <b>David Sislen</b>            | Capacity and Fraud and Corruption Paragraphs (Risks 2 and 3). A minor point here. Your assessment of capacity seems to focus primarily on fiduciary management issues (experience with Bank rules, procurement, financial management, etc.). I'd urge the team to look beyond these pro forma (but important) issues into what are likely to emerge as the real capacity challenges -- working with communities, working with private sector, coordinating across government, etc. Much harder to assess, no doubt, but I'd think much more important for project success! A special flag on the stakeholder risk issues, which you have done a great job of highlighting; I think you cannot underestimate this and ensuring that your implementation teams have very clear understanding of the social dynamics, including involving indigenous peoples. You might wish to spend some extra time thinking about this during preparation. | Agreed. Thanks for the advice.  |
|                           | <b>Mark Zimsky</b>             | Given the security issues that are identified in some areas of the country please confirm that the project area can be accessed safely for full project implementation.  | The project areas can be accessed safely for implementation. The project will take into account this serious issue and will focus in the heart of Amazonia (Caqueta and Guaviare) where the levels of safety have been improving. However, and given that the project target area is the Amazon and the peace process is moving slowly, the team cannot predict the security situation with great |

|                          |                         |  |  |
|--------------------------|-------------------------|--|--|
|                          |                         |  | certainty. Given this situation the team and the counterpart will consider different scenarios of alternatives to avoid unsafe areas.  |
|                          | <b>Africa Olojoba</b>   | Risks/ORAF: The ORAF discuss the project risks in an adequate manner. However, on the social and environmental risks, the team should also include the Indigenous Peoples Development Plan (IPDP) and the Process Framework as additional instruments to be prepared under the project - - as they are the appropriate instruments for the triggered Indigenous Peoples and the Involuntary Resettlement Policies.   | The team agrees with the comment and has discussed this issue in a pre- meeting with the SAT team in LAC.  |
|                          | <b>Imad Saleh</b>       | Risk ratings/ORAF. The ORAF would benefit from a revision as the description of several of the risks areas, as well as some of the risk management measures, are rather extensive. The risk descriptions and management measures should be concise and focused.  | Agreed.  |
|                          | <b>Astrid Helgeland</b> | The team mentions the presence of FARC. What precautions will be taken or how will you work in areas where the FARC are present?   | Thanks for the comment. See the response provided to M. Zimsky comment above.  |
| <b>ECONOMIC ANALYSIS</b> |                         |  |  |
|                          | <b>Imad Saleh</b>       | The new Guidance on Economic Analysis requires providing the rationale for public sector financing for the project, if applicable. This is not addressed in the PCN.   | The team will develop the Economic Analysis by QER and will provide the rationale for the co-financing from the Ministry of Environment and Sustainable Development, National Parks Agency and other agencies.   |
| <b>PROCUREMENT</b>       |                         |  |  |
|                          | <b>Diomedes Berroa</b>  | <p>1. Could you please explain the role of the other agencies (National Parks, IDEAM) besides the Ministry of Environments and Sustainable Development in the implementation of this GEF? The draft of the implementation assessment indicates that the Ministry is the only implementing agency, but the Overall Risk seems to indicate that there are more than one agency? How many implementing units (executing procurement are foreseen?) Our experience in the portfolio in Colombia supports the advice that as possible plural number of executing agencies should be avoided.</p> <p>2. Which is the role of the stakeholders in the implementation of this operation? Indigenas communities, private sectors, etc.</p> <p>3. With regard to the second point, are we considering to use non-traditional procurement approaches, such as procurement carried out by communities, commercial practices?</p> | <p>All the agencies beyond <i>Patrimonio Natural</i> would execute activities from a technical point of view. The fiduciary (financial management and procurement) role would be retained by <i>Patrimonio Natural</i>.</p> <p>They will participate in project activities but they would have neither executing nor fiduciary responsibilities.</p> <p>Not so far. The project will mainly provide technical assistance to develop these systems. In the case the recipient proposes to develop a pilot, the procurement approached will be</p> |

|                        |                         |  |   |
|------------------------|-------------------------|--|---|
|                        |                         | <p>4. Is the PES structured like in Mexico-Forest-CONAFOR, which is transference for non-procurable forestry services.</p> <p>5 Could you please spell out the investment activities, beyond the components? Any plan to ensure that these activities will target the final beneficiaries. Just to have an idea of what would be financed and the readiness for the implementation of this project.</p> <p>7. I am not sure if this project has been scheduled to finance central level activities such as policy, or decentralized activities. Who are the project beneficiaries?</p> <p>With regard to the fiduciary (procurement) risk, if you concur, this risk is substantial (High) during preparation and substantial (High) during implementation.</p> | <p>discussed and agreed during preparation.</p> <p>The PES in this project would be more incipient in comparison to Mexico. The project would explore technical options and the implementation in the field is not expected.</p> <p>Please, see the responses provided to other reviewers. No investments are expected. All the components include “soft” activities.</p> <p>If we understand correctly the comment, the project would finance decentralized activities where different sector agencies, NGOs, inhabitants, producers, indigenous people, etc. would be the beneficiaries of the participatory TA activities.</p> <p>The team would prefer to conduct the assessment of the grant recipient <i>Patrimonio Natural</i>, before raising the proposed risk rating. All risk ratings will be revised by QER and Appraisal stages.</p> |
| <b>Other Comments:</b> |                         |  |   |
| <b>Editorial</b>       | <b>David Sislen</b>     | Terminology: Land Use Management. Just a minor point. "Better land use management" can mean a lot of things to a lot of people (some might argue that it means more deforestation, not less, and a tradeoff towards greater short term economic activity! So recommend that you make it clear what "good" land use management means in the context of the kinds of tradeoffs that are now taking place which we all agree are unsustainable).  | Thanks for the comment. Agreed.   |
| <b>Lessons learned</b> | <b>Astrid Helgeland</b> | As you go along you may wish to consider including something about lessons learned from the ARPA for the Colombian Amazon.   | Noted. The team will include lessons learned from other projects in the PAD.  |
| <b>Timeline</b>        | <b>Astrid Helgeland</b> | It would be good to update the meeting on the proposed time schedule. The system shows an estimated Board date of September 9, 2013  | Thanks for noticing this error. The system has been updated to include a Board date of March 27, 2014.  |