

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED  
SAFEGUARDS DATA SHEET (PID/ISDS)  
CONCEPT STAGE**

**Report No.:** PIDISDSC15280

**Date Prepared/Updated:** 07-Oct-2015

**I. BASIC INFORMATION**

**A. Basic Project Data**

<b>Country:</b>	Colombia	<b>Project ID:</b>	P154145
		<b>Parent Project ID (if any):</b>	
<b>Project Name:</b>	CO - Emission Reduction Program (ER Prog.) in the Orinoquia landscape (P154145)		
<b>Region:</b>	LATIN AMERICA AND CARIBBEAN		
<b>Estimated Appraisal Date:</b>	28-Feb-2017	<b>Estimated Board Date:</b>	18-May-2017
<b>Practice Area (Lead):</b>	Environment & Natural Resources	<b>Lending Instrument:</b>	
<b>Sector(s):</b>	Forestry (50%), General agriculture, fishing and forestry sector (50%)		
<b>Theme(s):</b>	Climate change (40%), Environmental policies and institutions (20%), Other environment and natural resources management (20%), Land administration and management (20%)		
<b>Borrower(s):</b>	Ministry of Agriculture and Rural Development (MADR)		
<b>Implementing Agency:</b>	Ministry of Environment and Sustainable Development (MADS), Ministry of Agriculture and Rural Development (MADR)		
<b>Financing (in USD Million)</b>			
	<b>Financing Source</b>		<b>Amount</b>
	Borrower		0.00
	Carbon Fund		50.00
	Total Project Cost		50.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

**B. Introduction and Context**

**Country Context**

Over the past decade, Colombia has sustained historically high growth rates, supported by sound macro policies, commercial integration, and favorable external conditions. Significant structural

reforms since the early 1990s, combined with important trade agreements, have led to a modernization of the economy. Prudent macroeconomic management has also helped improve resilience. As a result, the Colombian economy sustained an average GDP growth of 4.8 percent in the past decade, more than 1 percentage point above the average for the previous three decades (3.5 percent).

Despite this rapid reduction in poverty, large historical disparities between urban and rural areas persist. Total poverty fell from 49.7 percent in 2002 to 29.5 percent in 2014, an average annual drop of 1.7 percentage points and extreme poverty fell from 17.7 percent to 8.1 percent during the same period. The rate of poverty reduction was comparable across urban and rural areas; however, it should be noted that poverty continues to be significantly higher in rural areas than in urban areas: from 2002 to 2014, rural areas' extreme poverty rates fell from 33.1 to 18 percent; in urban areas, they fell from 12.2 to 5.1 percent. During the same period, the rural-urban ratio in the poverty headcount increased from 1.35 to 1.68 percent, suggesting that urban areas were more effective than rural areas at lifting Colombians out of poverty.

Rural Development is high on Government's agenda, particularly in the context of the peace building process. Colombia has enormous unrealized potential in its rural areas due to a combination of factors that may be called, collectively, "uneven territorial development". These factors include poor physical and social connectivity – made worse by conflict, under-investment, weak local governance and service delivery, poor market access and rural-urban market linkages, high exposure to natural disaster, and inequitable land ownership and policies that discourage investment. These challenges are cross-cutting and complex, also in the face of the impact of increased investments in agricultural development in the context of the peace process. Territorial planning is therefore necessary to achieve a greater coherence when considered in the context of aiming towards an improved "territorial development. The 2014-2018 National Development Plan (Law 1753 of June 9, 2015) puts a strong emphasis on rural development, through a territorial approach (the last six chapters of the Plan). Such an approach is characterized by: (i) multiple goals and objectives; (ii) sector interactions that optimize synergies; (iii) respect for the interests of local communities; (iv) adaptive planning and management; and (v) collaborative action and comprehensive stakeholder engagement. The ongoing Misión Rural initiative represents a movement toward such an approach.

Environmental costs and depletion of natural capital may threaten the long-term sustainability of economic growth. Colombia is one of the world's richest countries in terms of biodiversity, and it is generously endowed with forests, water, and mineral resources. Exploiting its natural capital (mainly non-renewable oil and mining but also land, and forests) has been and still is a crucial part of the country's development success. But a key finding of the analysis conducted under the Strategic Country Diagnostic (SCD), shows that Colombia has not re-invested sufficiently the rents received from the extraction of this natural capital into the other forms of capital and its total wealth per capita dips negative while other comparable upper/middle income countries (except China) maintain a positive total wealth per capita after all final adjustments. The sustainable management of its natural capital and reverting the current rate of depletion has become a key priority for the Government of Colombia.

The country is also experiencing increasing social and economic impact of natural disasters, including the likely impact of climate change. Ranking amongst the world's 10th highest economic risk of two or more hazards, Colombia has a high and increasing level of damages from

natural disasters. While the loss of life associated with natural disaster in Colombia is declining, the percent of population exposed and economic damages continue to rise as a result of insufficiently planned urban growth, inadequate land-use planning, and limited application of building codes. Colombia also has Latin America's highest rate of recurrent events, with an average of more than 600 reported disasters each year. For example, the 2010–11 La Niña – a phenomenon that is recurring with increasing frequency - affected 3.2 million people and two-thirds of the nation's farmers (economic losses were up to US\$1.1 billion (0.4 percent GDP-2010) and the total damage was estimated at US\$6.1 billion. A national priority to lessen the impact of natural disasters on the poor is intended to enhance the capacity of the environmental management system to respond and adapt to climate change.

Agriculture in Colombia is projected to be severely impacted by potential changes in climate. A large portion of agro-ecosystems are vulnerable to increased aridity, soil erosion, desertification and changes in the hydrological system. There is an increased risk of crop flooding and projected increased incidence of wind and hail storms which negatively impact agriculture. Water impacts will also be acute. Projected yield declines due to climate change are projected to be 10-20% by 2020 for maize, soybeans, and wheat, even after taking into account adaptation efforts involving adoption of new plant varieties and better land and crop management practices. There will be major contractions in the areas most suitable for coffee by 2050. In contrast, irrigated rice may benefit from climate change with 10-15% increase in yields by 2050, and tree plantations, fruit trees and other perennial crops could provide alternatives to coffee. .

The Government of Colombia has taken a pro-active role in the fight of Climate Change. Colombia recognizes the threat of climate change to its development and has been very active in international climate change negotiations and public policy formulation. As a non-Annex I country, Colombia is not mandated to limit or reduce its GHG emissions under the Kyoto Protocol, but the country has firmly adopted the UNFCCC principle of “common but differentiated responsibilities and respective capabilities” and has announced to reduce 20% of GHG emissions against the business as usual level by 2030 on a voluntary basis. Management of natural resources, disaster risk management and climate change mitigation/ adaptation have to go beyond the country's “business-as-usual” approach to environmental management in order to avoid potentially large downstream costs. Colombia is already undertaking efforts in AFOLU sector. A national preparation for REDD+ is advanced and includes strengthening of Forest and Carbon Monitoring System, dialogue with local communities and institutional coordination. In addition, Colombia has a proposal of a NAMA for the Forestry sector which design will be finalized on 2015, this NAMA will cover activities on restoration and reforestation and bring enabling conditions for the implementation of the BioCF program.

### **Sectoral and Institutional Context**

The natural region of Orinoquia is often referred to as the new agricultural frontier in Colombia and one of the world's last agricultural frontiers. Depending on the definition, the Orinoquia region covers between 28 and 39 million hectares. While two decades ago, the land-use in the region was mainly limited to extensive cattle ranching and low-input traditional agriculture, the growing demand for food, feed, and (bio)fuels pushes modern, mechanized agriculture and associated infrastructure into one of the world's last reserves of arable land. Over the past decade, private investments have promoted the agro-industrial development in the region for example, between 2003 and 2008, oil palm plantations increased from 64,694ha to 121,135ha and other crops (grain, soy, maize) from 136,900 ha to 344,700ha.

The Orinoquia region is considered to have important potential for oil and mineral extraction. The area given in concession by the State for mining added up to an average of 209 ha per year, and rose to an average of 16,000 ha per year from 2006-2010. In 2010 only, 48,000 ha of land were given in concession for exploration. Overall, oil and mining have nearly doubled their participation in the economy over the past decade to about 12 percent currently, while tradable sectors such as agriculture and manufacturing industry have seen their share in economic activity reduced by three percentage points each to slightly over 6 and 12 percent respectively. Without improved policies and land-use planning, the increasing scope and magnitude of planned extraction means that environmental and social impacts are likely to intensify.

The Orinoquia region is also of a strategic importance for the Colombian government in the post-conflict agenda. According to the National Development Plan (2014-2018), the Orinoquia region is one of the regions where the country efforts will concentrate to achieve a Colombia in Peace. The government vision for Orinoquia region's growth and welfare generation agenda as stated in the Plan is anchored on three pillars: environment, agribusiness, and human development. The vision embraces a model of green growth, on the basis of the integrated management of the diverse territory. Three main objectives to be achieved are (i) provide the conditions to support sustainable growth (ii) territorial planning and management according to environmental, agricultural, mining-energy and cultural potential through enhancing institutional capacities and (iii) increase social mobility and strengthening human capital.

The Orinoquia region is considered to be at a turning point, heading toward higher deforestation and significant land and ecosystem transformation. Land-use changes happen in an unplanned manner and have branched out in many directions, with private entrepreneurs converting, large areas of natural savanna land into commercial grain, biofuel feedstock and rubber plantations. These land use changes are based on a drive to internationalize the economy and a common misunderstanding that the region is of low ecological importance. As a result, the region now ranks amongst the regions in Colombia with the highest rates of deforestation (as per the recently published Low Carbon Development Report for Colombia). IDEAM reports that deforestation has been of 47,021 ha for the period 2005-2010, and of 38,452 ha for the period of 2010-2012 in the four departments comprising the Orinoquia. Annual deforestation has been of 27, 712 ha in 2013 in that same area.

As a result of these land-use changes, overall emissions in the land-use sector have increased in the Orinoquia region. Land cover changes, water systems, and the fire regime, all lead to change in the emissions profile of the Orinoco system. Preliminary data suggests that emissions have increased from 13.29 Million tons in 2000 to 14.29 Million tons in 2010. This data is based on secondary data (population census, economic activity) and Landsat and CBERS satellite images from 1987-2000-2007-2010. From this analysis it is clear that in the period 1987-2007, 14% of the region underwent significant land use/ cover change, most of which occurred in the latter decade. The most frequent pattern was transitions from flooded savannas, to crops and exotic grasses, and to palm oil plantations. This data indicates a clear, increasing emissions trend, but there is a need for more accurate data and technology to detect land-use cover changes that will allow to differentiate more effectively between different land-use covers and also between above and below ground biomass.

Soil degradation is also significant problem in the Orinoquia Region, and it is a particular concern because of the negative impact on the ecosystem services. Some of the most relevant degradation

processes are erosion (loss physical-mechanical effect of the soil by wind or water), nutrient depletion (loss of organic matter in soils) and compaction (reduction of the porous space of the soil). These processes are drivers of declining crop and livestock productivity and affect the region particularly in areas of rapid deforestation (where intensive agriculture, mining and oil industry takes place). Once the land becomes unproductive and soils are fully degraded, new areas are opened up for agriculture and grazing to overall demands.

The Colombian Government has voiced a strong commitment to sustainable, low carbon agricultural development in Orinoquia. The Government of Colombia sees that the Orinoquia region can offer major opportunities, both at the economic and social level, but wants to make sure that the development path that will be taken for this “new region” would also respond to environmental sustainability. It has the option to define a development trajectory for the Orinoquia region that will not lock-in an unsustainable trend. This approach has been described in the CONPES 3797 (dated January 12, 2014) on “Policies for an integral development of Orinoquia: Altillanura”. Building on the CONPES, the National Planning Department (DNP) is currently preparing an Orinoquia Masterplan for the inclusive and sustainable development of the Orinoquia region. The Ministry of Agriculture and Rural Development (MADR) has given high priority to research on ecosystem services in the Orinoquia region through an ongoing strategic alliance with research centers CIAT and CORPOICA. The Ministry of Environment and Sustainable Development (MADS) in coordination with the Ministry of Agriculture and Rural Development (MADR) currently develops the Amazon Vision Program in order to meet Colombia’s goal of net zero deforestation in the Amazon until 2020, the region bordering Orinoquia, taking a territorial approach to tackle the many drivers of deforestation.

The Orinoquia region is particularly vulnerable to climate change. According to IDEAM climate change scenarios, the Orinoquia region would have one of the most drastic increases in temperature in the country. These scenarios of climate variability highlight the high vulnerability of the different ecosystems in the region to forest fires, erosion, flooding, desertification and loss of protected and endemic species. The impacts on production systems are expected to be important: meat production and milk would reduce in most part of the region, mainly in the Meta with an average annual production loss of 6%. Similarly, the productivity of maize, also in Meta, would average annual loss of 9.2%, while rice productivity in Casanare would decrease about 19.5% (DNP -IDB, 2014).

The Orinoquia region has been selected by the Government of Colombia under the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL). Colombia is one of the four countries selected for consideration under the ISFL initiative (and the only one in the Latin America Region). The Government of Colombia, under the leadership of the MADR and MADS, have selected the Orinoquia region as the jurisdiction for the program to be developed under the ISFL initiative. This decision is mainly motivated by willingness of the GoC to move the Orinoquia region on a sustainable growth trajectory with a low carbon development model using innovative financing models (including result-based payment). Interventions in the Orinoquia region will be closely coordinated with those implemented through the Amazon Vision program, in order to reduce pressure on the natural forests, as some of the drivers of deforestation affecting the Amazon originate in the agricultural areas of the adjacent Orinoquia region.

### **Relationship to CAS/CPS/CPF**

The FY 2012-2016 Country Partnership Strategy (CPS) focuses on three main pillars: (i) Expanding Opportunities for Social Prosperity; (ii) Sustainable Growth with Enhanced Climate

Change Resilience; and (iii) Inclusive Growth with Enhanced Productivity. Each of these strategic themes has three areas of results with specified outcomes. The Bank's overarching goal remains to support the growth, sustainability and prosperity objectives articulated in the CPS. The Bank is also supporting the increasingly important green growth agenda of the Government of Colombia. In February 2015, it was decided by Colombia's cabinet that the concept of "green growth" will be a cross-cutting policy requirement for all government departments under Colombia's next four-year National Development Plan, which puts a high emphasis on better use of land and other natural resources harmonizing agricultural activities.

The deployment of the ISFL Program will support a sustainable integrated landscape approach in the Orinoquia region. It is expected that, through its various instruments (technical assistance and result-based payments), the program will promote an economically-profitable, socially-equitable and environmentally-friendly development model in the targeted region. The program will incentivize socially-responsible investments (including through the participation of the IFC) and will ensure environmental dimensions are mainstreamed in the economic development of the Orinoquia region, including resilience to future climatic shocks. Also, through the payment of carbon credits, the program will also support an equitable distribution of the climate benefits to help reduce poverty and vulnerability. The proposed program therefore contributes to the CPS goals and Government of Colombia's National Development Plan and Low Carbon Development Strategy.

The proposed program in the Orinoquia region will complement and build synergy with ongoing World Bank land-use and forestry related programs in Colombia including the FCPF Readiness Grant, the Sustainable Cattle Ranching Operation, and the GEF Heart of the Amazon project to support Colombia's Amazon Vision. Finally, a KfW/WB financed Sustainable Development Policy Loan that can leverage climate smart policy reforms in the land-use sector.

### C. Proposed Development Objective(s)

#### Proposed Development Objective(s)

The Program Development Objective is to promote sustainable land-use and reduce greenhouse gas emissions from deforestation and unsustainable land-use in the defined accounting area of Colombia's Orinoquia region.

#### Key Results

The proposed Indicators for the Program include the following:

- i. Net GHG emission reduction in defined accounting area (tCO<sub>2</sub>e/ year) in the AFOLU sector
- ii. Net deforestation in accounting area
- iii. Area under sustainable land management within the program boundaries

An indicator related to benefit-sharing will be fine-tuned once the benefit-sharing mechanism has been defined (during preparation).

The above PDO reflects the overall Development Objective for the Program. A specific Development Objective will be defined for the Technical Assistance, along with a specific Results Framework that will focus on expected outcomes from the TA activities..

### D. Concept Description

The Orinoquia Sustainable Integrated Landscape Program adopts a programmatic approach that will be jointly implemented by World Bank and the IFC teams. The proposed programmatic

approach will combine various instruments to best respond to the challenge of addressing the drivers of deforestation and unsustainable land use changes in Colombia's Orinoquia region, towards an integrated landscape management approach that promotes a sustainable and climate smart development of the regions' forest, agricultural, water and ecosystem resources. In order to do so, the ISFL program will support a combination of Technical Assistance and a performance based payments program to achieve GHG emission reductions at a jurisdictional level.

To support the Orinoquia Sustainable Integrated Landscape Program, up to US\$ 67 Million funds have been pledged by donors. At the PCN stage, the following allocations have been considered: US\$17 million for the technical assistance (including US\$ 2.31 Million for WB/IFC supervision costs ), and US\$ 50 million for the results-based finance (a US\$3 million IFC operation for Advisory Services will be processed separately). The funds are to be channeled through the World Bank's Initiative for Sustainable Forest Landscapes (ISFL) and will be deployed towards Technical Assistance activities and the Emission Reduction Program (or ER Program) through the payment of GHG emissions reductions or performance-based payment.

1. The Technical Assistance will be implemented in two phases, described as follows:
  - a. Preparation Activities Technical Assistance (US\$ 1.5 million – Bank-executed). This phase will finance key studies that will contribute to the preparation of the overall program. Four studies have been identified : (i) Understanding current and future drivers, agents and underlying causes of land conversion and deforestation, and their implications on the definition of the project's jurisdiction and potential intervention areas; (ii) Reviewing institutional roles and capacities for integrated landscape management, and recommendations; (iii) Assessing potential opportunities for public and private financing of climate-smart investments and (iv) Analyzing the current accounting methodologies employed in the country and internationally for integrated landscapes, and recommendation of options. More details can be found in Annex 4.

The program preparation is expected to take approximately six to nine months and will be Bank-executed. During this first phase, the grant funds will be used to support the preparation of documentation required to process the TA grant, such as the social and environmental framework, institutional capacity assessment for procurement according to World Bank rules. Other initiatives that help identify meaningful approaches to sustainable development in the region will also be supported. For instance, the program will support the environmental pillar of the Expo Gestion Orinoquia on September 9 and 10, 2015, a high level public-private dialogue about the future development of the region.

- b. Technical Assistance Phase (estimated amounts of US\$13.5 Million for a Recipient-executed technical assistance grant and US\$2 Million for WB/IFC supervision costs as well as up to US\$3 Million for IFC Advisory Services:). The overall outcome of the TA phase is a strengthen framework for integrated landscape management (at the policy & regulatory, institutional and the individual/private sector levels). Technical assistance will be provided for strengthening the enabling environment for the Emission Reductions (ER) Program, through addressing key capacity gaps and activities identified/prioritized during the preparation phase; including those needed for the sustainability of the institutional arrangements for Program implementation. The funds will support complementary studies needed and key elements of the Program, such as the design of program interventions (lines of action), development of accounting methodologies for monitoring and assessing the outcomes of the program in terms of emission reduction, including: definition of reference levels, design/implementation of the Monitoring, Reporting, and

Verification (MRV) system for emission reduction, as well as the development of a fair and equitable benefit sharing mechanism for emission reduction payments.

Under the TA, efforts will be made to define financial streams (from private and public sectors) that will support the implementation of a low-carbon landscape activities in the Orinoquia region that will generate the carbon credits that will be purchased under the ER-Program. It is important to highlight, that in order to be able to tap into the results based payments, investments will be needed to implement sustainable production systems that lead to emission reductions in Orinoquia (that will trigger the payments). Some on the ground activities to pilot sustainable production systems will be covered by the TA funding. But for the large investments needed to scale up sustainable land use, the program will align with other sources of funding in addition to the World Bank programs as well as other donors. The IFC team will lead the dialogue with the private operators and initial conversations have taken place to identify private investment sources for more sustainable, productive land-use systems and practices. Furthermore, it was discussed that existing public funds could be more directly and efficiently targeted to toward low carbon land uses to generate emission reductions.

Under the Technical Assistance phase, the IFC team will implement a \$3 million advisory services program to identify potential for investments into private sector companies in the program area. IFC is considering the Orinoquia Integrated Landscape Program as an opportunity to develop a standard IFC investment with companies who are operating, or planning to expand or to start businesses in the program area and who are willing to adopt sustainable practices in order to develop deforestation and carbon emission free supply chains. Minimum standard IFC investments are of around US\$ 10 million. The IFC has identified a number of companies that expressed interest in aligning with the ISFL program objectives, in the following three sectors: 1) Forestry (commercial reforestation and palm oil), 2) Cattle ranching (meat and dairy), and 3) Agribusinesses (Soy, Sugar, Corn). All of these sectors are considered as key commodities for the BioCF IFSL program. This potential IFC investment will be supported by a technical assistance grant of up to US\$ 3 Million from the BioCF Plus. This TA grant will be transferred to and managed by IFC Advisory in order to support capacity building programs with companies and/or supply chain operators and farmers that adopt and comply with deforestation-free approaches.

The TA grant-funds will cover a period of three years and will be recipient executed. Please refer to Annex 5 for a more detailed description of the TA Phase Grant components.

2. The ER Program will make payments against verified emission reductions (up to US\$ 50 Million). The ER Program will make payments against verified reduction of GHG emissions in the area that will be designed as the jurisdiction for the said program. Therefore, prior to the effectiveness of the payments, a series of investments need to be made to materialize the Program objectives around emission reduction, mainstreaming of climate-smart practices into productive landscapes and declining deforestation. The funds needed to support underlying investments to implement climate smart practices that will generate emission reductions will be leveraged through additional public and private investments. The possibility of using the BioCF Instruments to implement on the ground pilot activities as part of the TA and/or through advance payments under the ER program will also be explored. The concrete activities/investments as well as the sources of financing will be identified in greater detail during the TA phase (see above). Annex 6 presents the expected basic lines of interventions of this ER-Program based on inputs gathered during the pre-identification phase. They will be further refined/validated during the Program



technical assistance phases.

The maximum length of the program will be 10 years. The Program preparation phase will be of approximately 9 months, after Concept Note approval. The Technical Assistance Phase will cover a total period of 3 years, from 2016-2018, and the Implementation Phase is proposed to have a maximum duration of nine years, from 2016 to 2025, to allow sufficient time to mobilize and empower diverse stakeholders involved in landscape management, including forest-dependent communities. The project would attempt to generate verifiable emissions reductions after the three/four year of project implementation; at that time, emission reduction payments will start to flow. Emission reductions are expected to continue after the lifetime of the Bank-financed project.

a. Payments will be made for emission reductions generated through the jurisdictional area. The program will support a step-wise approach to comprehensive landscape accounting. During the TA phase, the program will identify land conversion uses (and compensation approaches); and improved management systems under current land uses, with the highest emission profile in the jurisdictional area with a view of starting the MRV process in those sectors, and gradually moving towards the inclusion of other emission sources occurring in the Program jurisdictional area.

b. Emission reductions have to be independently verified by a third party entity agreed on between the Government of Colombia and the World Bank-BioCarbon Fund. These Verified Emission Reductions (VERs) will have to be measured based on a robust MRV system and against an agreed reference level. It is expected that results based payments will be used for the maintenance expansion of activities promoted under the ER-Program.

## II. SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

For the purpose of this PCN, the Orinoquia region includes four departments, Arauca, Casanare, Vichada, and Meta. During the preparation TA phase, specific analysis will be conducted in order to delineate the jurisdiction to be covered by the Program.

The Orinoco region is one of the five natural regions of Colombia and its limits are marked by the Arauca, Meta, and Orinoco rivers, which form natural boundaries with Venezuela. Furthermore, the region consist of four main sub-types of ecosystems:

- i. The Piedemonte Llanero located in the foothills of the Andean mountain range, and concentrates the majority of population and economic activity in the Orinoquia region. Its soils are fertile and it is characterized by a mosaic of agricultural activities and natural forest.
- ii. The tropical savannas of the Altillanura located between the Meta and Vichada rivers, stretch across the departments Meta, Vichada, and Casanare in central Eastern Colombia. The soils in the Altillanura have a high aluminum content and lack organic matter, calcium, magnesium, potassium, and phosphorus. However, the flat topography is ideal for grain, oil seed, energy crops and forest plantations. Its warm and rainy climate allows for two harvests a years (July/ August; November/ December). The Altillanura ecosystem is intersected by gallery forests that follow the courses of the streams and rivers are very sensitive to the hydrological changes in the region.
- iii. The seasonally flooded savannas covering the departments of Arauca and Casanare with low and moderately fertile soils are apt for oil seed, grain and bioenergy seed production. In addition, this area is used for extensive cattle ranching. This landscape is complex and includes various ecosystems such as wetlands, peat lands and seasonal swamp forests. They have a rich flora dominated by

grasses, and the land use in this area is subject to inundations, therefore the complex water and carbon cycle in this area needs to be carefully studied.

iv. Finally, the Anden and Amazonas Orinocense covers the departments of Vichada and southeast Meta which includes savanna landscape and Amazonian rainforest. In this area, cattle ranching and smallholder farming constitute threats to the standing Andean and Amazon forests. The Sierra de Macarena is the transition area between the Amazon and Orinoco regions. Part of the Macarena is a national protected area, including rainforest, dry forest, shrublands and savanna lands.

### **B. Borrower's Institutional Capacity for Safeguard Policies**

Since the mid-1990s, the Government of Colombia and the World Bank have been closely collaborating on a variety of environmental issues, ranging from urban environmental management to biodiversity conservation in forest ecosystems. Both MADS and MADR have institutional capacity and proven track record in implementing the Bank's environmental and social safeguard policies.

Colombia has adopted a subnational approach to REDD+ during the preparation phase under which it proposes to advance the participatory development of Regional Plans based on the specificities of each of its five eco-regions: (i) Andean; (ii) Amazon; (iii) Pacific; (iv) Orinoquía; and (v) Caribbean. The Government of Colombia has opted to conduct specific Strategic Environmental and Social Assessment (SESA) for each of the five regions. In the case of the proposed program, the Safeguards approach for REDD+ builds on this Strategic Environmental and Social Assessment (SESA) for the Orinoquia region (funded by the FCPF Readiness Grant), along with the national legal framework, the National Development Plan 2014-2018 (section specifically related to the Orinoquia region), the CONPES 3797/2014 document.

During the preparation phase, strengthening the human resources and expertise, particularly on social and environmental dimensions of REDD+, will be a key priority at both national and regional levels. A large envelop under the Pre-Technical Assistance aims at support the capacity building for both MADR and MADS, as well as for decentralized entities: specific attention will be given to needs in terms of social and environmental aspects of the program.

The MADS has a small, technically strong team at national level, working on REDD+ issues. Such team has good experience and engagement with a broad range of stakeholders, including Indigenous Peoples, campesino communities, Afro-Colombian peoples, small producers, and others. This MADS small team, including other key stakeholders, has been recently trained by the Bank in SESA processes including preparation of the Environmental and Social Management Framework (ESMF). In addition, the FCPF grant, signed in May 2015, will support the strengthening of MADS capacities on Safeguards issues.

The MADR has been implementing the project Alianzas Productivas and has gained significant experience in implementing World Bank Safeguards. The proposed program will built on existing systems put in place under other WB operations.

### **C. Environmental and Social Safeguards Specialists on the Team**

Carlos Alberto Molina Prieto (GSURR)

Dora Patricia Andrade (GEN04)

Juan Martinez (GSURR)

Kimberly Vilar (GSURR)

**D. POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	Overall, the proposed program is expected to have significant positive environmental impacts. The SESA for Orinoquia will be prepared prior to appraisal of the program. The SESA and ESMF should include measures to ensure that impacts on affected communities, including small landholders, resulting from activities aimed at strengthening territorial management of land, including territorial management plans and zoning, are adequately analyzed and mitigation actions provided for if needed.
Natural Habitats OP/BP 4.04	Yes	Biodiverse Savannas of the Orinoquia region are recognized globally as centers of high ecosystem. Overall, the proposed program is expected to have significant positive impacts on natural habitats in Orinoquia, promoting sustainable land uses. The application of this policy seeks to ensure that all options proposed under the Program will take into account the conservation of biodiversity in the jurisdiction of the program. The Orinoquia SESA will address issues related to natural habitats.
Forests OP/BP 4.36	Yes	Overall, the program is expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, promote sustainable management of forests. The Orinoquia SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to plantations and the use of critical forest areas, as relevant. Screening mechanisms will be incorporated into the ESMF.
Pest Management OP 4.09	TBD	This policy remain as TBD until the full scope of program activities related to agricultural intensification and reforestation is defined. The SESA will address critical issues related to pest management if necessary, and if so, these will also be included as a stand-alone part of the ESMF.
Physical Cultural Resources OP/BP 4.11	TBD	At this stage, this policy remains TBD until the intervention area has been delineated. The triggering of this policy is considered highly probable given that some of the forests or landscapes involved are likely to have historical or cultural significance to local communities (including spirit and sacred areas).

		If potential impacts are identified, the associated ESMF will include screening provisions for evaluating potential impacts and provide specific guidance
Indigenous Peoples OP/BP 4.10	Yes	The proposed program will involve and potentially affect Indigenous Peoples present in the program area. The Safeguards approach will build on the SESA for the Orinoquia region (FCPF Readiness Grant); Social Assessments will inform the preparation of an Indigenous Peoples Planning Framework (IPPF) (stand-alone part of the ESMF). Site-specific Indigenous Peoples Plans (IPPs) will be prepared during project implementation. Free, prior and informed consultation will be applied.
Involuntary Resettlement OP/ BP 4.12	Yes	The project triggers OP4.12 given that some activities under the program may involve restrictions of access to natural resources (no land acquisition is anticipated as a result of the program). An RPF will be prepared in the event that resettlement occurs and a Process Framework (PF) will also be prepared. The RPF and PF should build on the results of the land tenure assessment and the SESA. In addition, a benefit-sharing mechanism will be will be adopted before any ER payments can be made.
Safety of Dams OP/BP 4.37	No	This policy is not triggered given that the project will not support the construction or rehabilitation of dams nor will support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	TBD	The Orinoco region limits are marked by the Arauca, Meta, and Orinoco rivers, which form the natural boundaries with Venezuela. The Orinoquia-SESA will analyze the area and scope of the project more accurately to foresee the impact on superficial and underground bodies of water that are in binational watersheds.
Projects in Disputed Areas OP/ BP 7.60	No	This policy should not be triggered because the proposed project will not affect disputed areas as defined under the policy.

## E. Safeguard Preparation Plan

### 1. Tentative target date for preparing the PAD Stage ISDS

15-Dec-2016

### 2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

It is expected that the QER for the TA operation will take place in April 2016 for which the PAD-

stage ISDS will be prepared. For the ER Program, a QER could be conducted during second quarter of FY17. The SESA will be prepared prior to appraisal and will cover all policy requirements including for social assessment and FPIC under 4.10. Under the TA, Land Land Tenure and Resource Rights Assessment should be conducted to inform the preparation of the social safeguards frameworks (IPPF, RPF and PF)

### III. Contact point

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### V. Approval

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1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.