I. Project Context

Country Context

Country and Sector Issues. Cattle ranching is a key economic subsector of the Colombian economy, contributing 1.6 percent of Gross Domestic Product (GDP) and 20 percent of agricultural and livestock GDP. With 950,000 direct employments, it also accounts for 7 percent of national and 28 percent of rural employment. About 34 percent of Colombia’s land surface is used for cattle ranching, representing about 38.8 million hectares.

Cattle ranching are carried out in areas with high poverty, unequal income distribution, illiteracy, violence, and unequal land ownership. Except for a small percentage of very large farmers, most landholdings are small and face financial and technological limitations: working capital and natural resources are inefficiently used, resulting in high production costs and marginal profitability.

Average stocking rates on pastures are estimated at less than one head per hectare. This sub-sector is also seen as one of the major drivers of deforestation in tropical areas.

While deforestation rates has declined drastically at the national level in recent years, from about
238,000 ha/year in 2005-10 to about 148,000 ha/year in 2011-12, it still represents a major threat in specific areas (hotspots of deforestation) where it is principally associated with: (i) the expansion of traditional cattle ranching practices, (ii) the expansion of agricultural frontier, (iii) illegal crops (coca), and (iv) illegal logging and mining.

In the National Development Plan (NDP), titled Prosperity for All 2010–2014 (Prosperidad para Todos 2010–14), the Government of Colombia projects a 20 percent increase of the cattle herd accompanied by a 21 percent reduction in pasture area by 2030. In 2006, the Colombian Cattle Ranching Association, FEDEGAN (Federación Colombiana de Ganaderos), issued its own Strategic Plan (Plan Estratégico de la Ganadería Colombiana 2019) in which it sets the ambitious target of gradually releasing 10 million ha by 2019, concomitantly with an increase of the cattle herd (reaching 48 million head of cattle).

**Sectoral and institutional Context**

The original grant in the amount of US$7 million was the GEF contribution to a wider program led by FEDEGAN and supported by CIPAV, Fondo Acción, and TNC, totaling US$42 million. The original Colombia Mainstreaming Sustainable Cattle Ranching (CMSCR) Project was approved by the Board of Executive Directors on March 16, 2010, and became effective on July 2, 2010. The Project Development Objective is to promote the adoption of environment-friendly silvopastoral production systems (SPS) for cattle ranching in Colombia’s Project areas, to improve natural resource management, enhance the provision of environmental services (biodiversity, land, carbon, and water), and raise the productivity in participating farms.

The CMSCR project includes four components:

- **Component 1:** Improving productivity in participating cattle ranching farms in Project areas, through SPS (total cost US$30.99M; GEF financing US$1.7M);
- **Component 2:** Increasing connectivity and reducing land degradation in participating cattle ranching farms, through differentiated PES (total cost US$6.45M; GEF financing US$3.8M);
- **Component 3:** Strengthening subsector institutions and dissemination and M&E efforts contributing to the broader adoption of environment-friendly SPS in Colombian cattle ranching (total cost US$1.46M; GEF financing US$0.8M); and
- **Component 4:** Project management (total cost US$3.09M; GEF financing US$0.7M).

The geographical scope of the project covered five regions, selected for their high levels of biodiversity and proximity to strategic ecosystems and protected areas: (i) the Cesar River Valley region, (ii) the Magdalena River region, (iii) the Boyacá-Santander region, (iv) the coffee-growing eco-region, and (v) the Meta region.

**II. Proposed Development Objectives**

The Project Development Objective would remain unchanged, i.e. “to promote the adoption of environment-friendly Silvopastoral Production Systems (SPS) for cattle ranching in Colombia’s Project areas, to improve natural resource management, enhance the provision of environmental services (biodiversity, land, carbon, and water), and raise the productivity in participating farms”.

**III. Project Description**

**Component Name**

- Comp. 1: Improving productivity in participating cattle ranching farms in Project areas, through SPS
Component Name
Comp. 2: Increasing connectivity and reducing land degradation through differentiated PES schemes
Comments (optional)

Component Name
Comp. 3: Strengthening Sub-sector Institutions, Dissemination and M&E
Comments (optional)

Component Name
Comp. 4: Project management
Comments (optional)

IV. Financing (in USD Million)

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<td>Total Project Cost</td>
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<tr>
<td>Total Bank Financing</td>
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<tr>
<td>Total</td>
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V. Implementation

Status of Implementation. CMSCR project implementation has been significantly delayed, which results in a disbursement rate of only 30 percent after three years of implementation. This delays were mainly due to the selection of participating farms took much longer than foreseen during preparation: (i) the first call for participants (Convocatoria), conducted in August 2011, fell short of the target of 2,000 participating cattle ranchers, and a second call had to be launched in August 2012, (ii) the screening procedures established in Project's Operational Manual to mitigate any potential reputational risks of working with cattle ranchers in Colombia proved to be extremely complex and time consuming, although indispensable. Mapping participating farms (necessary in order to establish the baseline) is also taking longer than anticipated.

Overall Project Performance. Progress towards achievement of PDO and implementation progress has consistently been rated as moderately satisfactory or above since the project became effective. In May 2013, the rating for Progress towards achievement of the PDO was downgraded to Moderately Satisfactory, because the risk of not meeting the quantitative target of areas converted to silvopastoral systems (key outcome indicator) was considered high: although the 2,491 participants exceed the PAD’s target of 2,000, it seems unlikely that the target of 50,500 ha under silvopastoral systems, including 38,500 ha under PES and 12,000 ha of intensive SPS (iSPS), will be achieved. There are two factors that adversely impact the likelihood of meeting area targets for SPS and iSPS:
(i) the much higher proportion of small-scale farms among participants than foreseen during preparation, and (ii) the higher than anticipated level of TA needed at the different steps of the process of conversion into silvopastoral systems (sensitization campaigns, selection process, baseline assessments).

It is proposed to process this Additional Financing concomitantly with a Level Two restructuring of the original project, in order to (i) adjust the outcome indicators set for the original project to better align with early implementation results, and (ii) include new outcome indicators on climate change mitigation and poverty alleviation (two focus areas targeted by DECC). In addition, the restructuring will (i) reallocate the proceeds of the original project, particularly to take into account the higher needs for technical assistance and the reduced targets in terms of payments for environment services (PES), and (ii) extend the closing date from September 23, 2015 to August 23, 2017, to close on the same date as the Additional Financing.

The CMSCR project targeted 2,000 farms to be enrolled and benefit from project instruments (technical assistance and/or payment for environmental services). To date, a total of 2,491 farms have already been selected in the project. While the Additional Financing would provide additional support to 1,500 farms, this support could benefit some of the already selected farms. In total, it is expected that the project will directly benefit around 2,700 farms. In addition, a group of “farm control” will be set up as part of the Impact Assessment.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

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