



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 04-Jun-2019 | Report No: PIDC27002



BASIC INFORMATION

A. Basic Project Data

Country Colombia	Project ID P170525	Parent Project ID (if any)	Project Name Construyendo Comunidades de Paz (P170525)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Jan 20, 2020	Estimated Board Date Jul 02, 2020	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministerio de Hacienda y Credito Publico	Implementing Agency Agencia de Renovacion del Territorio	

Proposed Development Objective(s)

To improve access to services and economic opportunities in selected conflict- affected communities in Colombia.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	200.00
Total Financing	200.00
of which IBRD/IDA	200.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	200.00
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Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue



Other Decision (as needed)

The ESSA will retain safeguards oversight given the High-risk rating of the project.

B. Introduction and Context

Country Context

1. **In the last decade, Colombia consolidated its position among the top economic performers in Latin America.** The country's sound macroeconomic management helped sustain relatively high growth rates, at an average of 5.4 percent before the global crisis (2004–08) and 4.8 percent thereafter (2010–14), with growth decelerating to 1.4 percent in 2017, before accelerating gradually to 2.7 percent in 2018. Growth is expected to accelerate gradually, rising to 3.5 percent in 2019 and 3.7 percent in 2020-21. Economic growth and resulting job creation have been the main driver for Colombia's impressive strides in poverty reduction and shared prosperity. Colombia has reduced poverty substantially, from 50 percent in 2002 to 27 percent in 2018, and extreme poverty also declined sharply to 7.2 percent. However, volatile natural resource public revenues pose additional challenges to the fiscal consolidation plan set under the government's fiscal rule. While the country's fiscal position continues to be sound, fiscal space for further maneuvering is narrowing.

2. **At the same time, Colombia faces important public spending needs that are associated with infrastructure deficits, insufficient access to quality public services, and commitments associated with the pacification agenda.** Meeting the large infrastructure gap and other investment needs requires sustainable reform efforts that increase the efficiency of public spending and the mobilization of domestic resources.¹

3. **Within this positive macroeconomic context, Colombia has a historic opportunity to achieve lasting peace and stability, paving the way for ending poverty and sharing prosperity in the country.** On 24 November 2016, Colombia (GoC) and the Revolutionary Armed Forces of Colombia – People's Army (FARC-EP) signed the Final Agreement to End the Armed Conflict and Build a Stable and Lasting Peace (referred to as the "Peace Agreement" from now on), bringing to an end over five decades of armed confrontation. The country is closer than ever to putting an end to this vicious cycle and to starting the long and challenging process of societal transformation and territorial development, process that will contribute to boost economic growth and promote shared prosperity in Colombia.

4. **Peacebuilding efforts in Colombia are today rooted in the territorial development in the areas most affected by conflict, illicit economies and poverty.** Point 1.2.2 of the Peace Agreement calls for the structural transformation of rural areas. While the totality of rural communities are included in this point, the parties agreed to prioritize municipalities in more urgent need based on specific criteria. This prioritization led to the identification of 170 municipalities that were clustered in 16 sub-regions, for which Development Programs with a Territorial-Based Approach (Programas de Desarrollo con Enfoque Territorial -PDET) were formulated by the Agency for Territorial Development (*Agencia para la Renovación del Territorio* -ART), through participatory processes conducted between 2017 and early 2019.² The resulting Action Plans for Regional Transformation (*Planes de Acción para la Transformación Regional* -PATR) aim to achieve the transformation

¹ Colombia-Economic Brief, WBG, Jan 2019

² Subregional PDETs were developed for the following geographic areas: Alto Patía-Norte del Cauca, Arauca, Bajo Cauca-Norte Antioqueño, Catatumbo, Chocó, Cuenca del Caguán and Piedemonte Caquetense, Macarena-Guaviare, Montes de María, Pacífico Medio, Pacífico and Frontera Nariñense, Putumayo, Sierra Nevada-Perijá, Sur de Bolívar, Sur de Córdoba, Sur del Tolima, and Urabá Antioqueño. Annex 1 summarizes the PDET process.



and territorial development of these communities, by making critical investments in the next 10 years in 8 critical areas³. In addition to the PEDTs, the GoC is currently setting up Strategic Zones for Comprehensive Intervention (Zonas Estratégicas de Intervención Integral - ZEII) targeting areas affected by conflict with unified, coordinated, inter-agency, sustained and comprehensive interventions for stabilization. ZEEIs tend to be areas heavily affected by armed groups presence, illicit economies, and exhibit high rates of informal land tenure. These destabilizing factors are coupled with limited state presence, weak public services delivery, and limited private sector investment. In spite of these efforts, stabilization and consolidation of peace in Colombia face multiple challenges. Restoring the presence of the state, building trust and delivering much needed social services and economic opportunities in these areas are critical elements for their stabilization and the consolidation of peace.

5. Community Driven Development (CDD) has proven effective to deal with some of the abovementioned challenges in conflict and post-conflict settings. The CDD approach in Colombia would contribute to the stabilization and consolidation of peace in Colombia by: i) strengthening the presence of the state by delivering services cost-effectively in remote and insecure areas and across a wide range of sectors; ii) focusing investments in specific areas, while aligning with broader development plans and priorities at the sub-regional and national levels; iii) creating meaningful opportunities for community involvement in development investments, articulating them with municipal, sub-national and national government institutions, and; and by iv) setting-up a development platform upon which multiple development efforts and initiatives can be phased, coordinated and aligned at the local level.

Sectoral and Institutional Context

6. Colombia has successful experiences with community-based implementation of development investments in conflict and post-conflict settings, some of which have been supported by the World Bank. In the past, Colombia had very important experiences of promoting local-based development. For instance, the Colombia Regional Peace and Development Program (PDP) financed by the World Bank is a very important experience. In the 1998-2012 period, the PDP delivered over 600 sub-projects in conflict-affected communities across the country. The project was implemented in one of the most violent periods in the history of the country. The PDP was implemented through a CDD approach, and demonstrated its effectiveness to i) rebuilding social capital fragmented by violence, ii) enhancing individual, organization and community capacities, iii) improving living conditions and assets of very poor families, iv) fostering community leadership and empowerment of citizens to participate and engage productively with public institutions at the local level and influence public agendas, v) increasing the sense of belonging, and vi) learning to resolve conflicts without the use of violence.

7. More recently, the ART has embarked in the implementation of PDET small infrastructure projects using community-based implementation models. The Small Community Infrastructure Project (Pequeñas Infraestructuras Comunitarias -PIC) has implemented over \$65 million in 1,031 PDET initiatives, using community-based implementation models. This model includes the strengthening of community-level management and implementation capacities, as well as hiring labour and procuring materials locally. The PIC Project has jump-started the implementation of PATRs in complex areas and facilitated the development of project typologies for community-based investments. These experiences have created a range of capacities at the national, municipal and local levels, while providing important lessons learned for the future implementation of PATRs.

³ These include i) land tenure formalization³ and land use planning; ii) rural infrastructure and irrigation; iii) rural health; iv) rural education and early childhood; v) rural housing, water and sanitation; vi) economic reactivation and agricultural productivity; vii) nutrition; and viii) reconciliation, coexistence and peace



Relationship to CPF

8. **The proposed project is fully aligned with the 2016-2021 World Bank CPF for Colombia cross-cutting theme of Assisting in Constructing the Peace, as well as to two pillars, namely Pillar 1 (Fostering Balanced Territorial Development), and Pillar 2 (Enhancing Social Inclusion and Mobility through Improved Service Delivery).** Considering the diverse nature of the interventions/sub-projects that will be funded, the project will contribute to both pillars and to the cross-cutting theme equally. The objectives and expected results of this project are largely embedded in the principles of the Bank's community-driven development approach, and contributes towards the achievement of the twin goals of ending extreme poverty and promoting shared prosperity in Colombia's most complex areas. The 2018 Policy Notes prepared by the CMU are equally relevant to the scope of this project

C. Proposed Development Objective(s)

To improve access to services and economic opportunities in selected conflict- affected communities in Colombia.

Key Results (From PCN)

9. Key outcome indicators would be defined including: i) increased involvement by communities organizations, in local development planning and decision making; ii) increased access to services by conflict-affected communities; iii) increased household economic opportunities; iv) increased number of projects in PATRs structured for implementation through a CDD approach; v) increased number of properties with legal security of tenure (registered title), and; vi) increased number of productive public goods in PDET areas. All results indicators will be disaggregated by gender and ethnicity where feasible.

D. Concept Description

10. **The project will support communities in Colombia disproportionately affected by poverty, conflict, illicit economies, and weak state presence, as prioritized by the PDET, where there is sufficient level of security.** The project will prioritize investments in PDET and ZEII communities, and activities would take place at the national, municipal, and community level. Mindful of the dynamic nature of the conflict and the illicit economies in Colombia, after the third year of implementation a review of lessons learned will be conducted, informing among other issues, the geographic areas targeted by the project. This may include the expansion of the project to additional PDET and/or ZEII areas, or the exclusion of those that remain too unstable.

11. **As security and stability conditions vary widely across PDET communities, a differentiated approach will be adopted according to security and stability conditions. It is anticipated that ZEII areas will require stronger support and more significant investments to break out from the cycle of conflict and underdevelopment.** The project's starting point is the PDET process, under which specific PATRs were developed. PDETs have effectively identified development priorities in targeted communities, and these are reflected in a PATR for each sub-region. Investment plans at the municipal and community level for targeted communities will be subtracted from sub-regional PARTs, constituting the starting point for the subsequent phasing of investments by communities. As such, the project proposes a deepening and strengthening of the community-based implementation model being currently used by ART based on international best practices, and a differentiated approach for each region in accordance to its development opportunities and challenges.



12. **Anticipating the need to progressively build trust and capacities for project implementation, a gradual model of implementation is proposed, under which the complexity and size of investments increases over time ensuring beneficiary readiness to access and deploy resources offered by the project.** PATRs consider a wide range of investments that vary in complexity, cost, size and sustainability requirements. As such, the phasing of investments in any given community will consider the financing of simpler investments in early project stages, which upon successful completion will be followed by more complex and sophisticated investments. Mindful that trust building is critical to the model, the project will seek to pilot, incubate and scale-up mechanisms for trust building, drawing on the arrangements put in place by the PDET process. The differentiated approach will be of critical importance considering that the project's outcomes will vary largely between municipalities given that conflict-associated dynamics are never uniform.

1. The project would include three core components:

13. **Component 1. Strengthening of National, Municipal and Community Institutions for Community Implementation and Management:** This component aims to strengthen community and government institutions to improve service delivery and economic opportunities; including: i) community institutions capacities to operate as self-managed organizations, intended to support the phasing of investment plans, and the entire project implementation cycle of community investment projects⁴; 2) effective feedback loops, enhanced mechanisms for accountability and transparency, and effective communications, community facilitation and citizen; 3) strengthening of municipal governments' capacities for effective and transparent management; 4) articulation mechanisms between community organizations and municipal governments; 5) the ART's core function of PDET sub-project structuring, focusing on sub-projects to be implemented following a CDD approach; and 6) knowledge and learning will also be financed under this component, aiming to support ongoing, broad-based stakeholder engagement, learning and adaptation.

14. **Component 2. Financing of Subprojects identified under the PARTs:** Activities under this component will finance community-level basic infrastructure and livelihoods sub-projects identified under the PARTs for targeted municipalities.⁵ This component will also finance inter-community shared infrastructure, including productive public goods,⁶ to unlock potential opportunities for territorial development. Finally, this component will also finance critical investments for stabilization, including land tenure formalization and disputes resolution.

15. **Component 3: Implementation Support:** Activities under this component will support effective project management systems, including financial management, procurement, and social and environmental standards management at the national, municipal and community levels. A robust monitoring and evaluation system will be financed with the purpose of measuring results through quantitative and qualitative evaluations, and identifying, documenting and disseminating lessons learned and best practices.

⁴ Specific skills to be strengthened include: self-governance; dialogue, communication and negotiation skills; project management; resource management; operation and maintenance of sub-projects; accounting and book keeping; and monitoring and evaluation. Climate change adaptation and mitigation, awareness raising and training for community institutions, will also be supported as relevant, aiming to enhance the sustainability of investments.

⁵ The project will avoid supporting sub-projects with implications in international waters.

⁶ These may include storage and collection centers and small agroindustry facilities that have been prioritized under the PATRs and could create important linkages between community-based productive sub-projects, with sub-regional and national value chains.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The project environmental and social risks and impacts has been assessed at framework level. The most relevant risks and impacts identified are the labor management related risks, such as the issues to comply to the Laboral legal requirements, since there are local workers affiliated to the public health system; the safety risks related to the fact that the sub projects areas have been subject to armed conflicts; the generation of pollution (air, noise, water) and to consume natural resources; the use of pesticides specifically to the economic development subprojects (agriculture, cattle); the possible physical interventions (including those proposed in declared national natural park) or affectation of any habitats and the biodiversity. The most relevant social risks correspond to the security conditions in the areas of intervention, presence of Indigenous Peoples and Afro Communities, distrust between government and communities and the presence of armed groups.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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