



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
THIRD GRANT FOR COLOMBIA'S READINESS PREPARATION PROPOSAL
(READINESS FUND OF FOREST CARBON PARTNERSHIP FACILITY)

APPROVED ON FEBRUARY 23, 2018

TO THE
REPUBLIC OF COLOMBIA

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ENVIRONMENT, NATURAL RESOURCES AND THE BLUE ECONOMY

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

APC	Presidential Agency of Colombia
CICOD	Commission for the Control of Deforestation and the Protection of Forests
CONALDEF	National Council for Deforestation Control and other associated environmental crimes
EA	Environmental Assessment
EICDGB	Comprehensive Strategy for Deforestation Control and Forest Management
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and grievance redress mechanism
IDEAM	Institute of Hydrology, Meteorology and Environmental Studies
MADS	Ministry of Environment and Sustainable Development
MRV	Measurement, Reporting and Verification
PC	Participants Committee
PDO	Project Development Objective
PES	Payment for Environmental Services
PIU	Project Implementation Unit
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, in the enhancement of forest carbon stocks
SESA	Strategic Environmental and Social Assessment
SIAC	National Environmental Information System
SIS	Safeguards Information System
SORT	Systematic Operations Risk-rating Tool



BASIC DATA

Product Information

Project ID P120899	Financing Instrument
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 7-May-2018	Current Closing Date 30-June-2020

Organizations

Borrower Fondo Acción	Responsible Agency Fondo Acción
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Form Type Short Restructuring Paper	Based on the proposed changes this Restructuring type is Level 2
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Decision Authority

CD Decision

Project Development Objective (PDO)

Original PDO

To support a participatory and inclusive process with key stakeholders for the preparation of Colombia's REDD+ strategy.

PDO current Project

To strengthen the enabling conditions of the National REDD+ Strategy.



Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF097224	05-Oct-2010	19-Oct-2010	19-Oct-2010	31-May-2014	200,000	200,000	0
TF018501	29-April-2015	08-May-2015	27-Aug-2015	30-Jan-2019	3,600,000	3,600,000	0
TF0A7032	23-Feb-2018	07-May-2018	7-May-2018	30-June-2020	4,930,000	843,560	4,086,439

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Background and Implementation Progress

1. **Background.** The Forest Carbon Partnership Facility (FCPF) REDD+ Readiness Fund provides grant funding to support countries in developing the enabling framework for a potential future Emissions Reduction Program. REDD+ Readiness activities support countries in adopting national REDD+ strategies, developing reference emission levels, designing monitoring, reporting and verification systems, and setting up REDD+ national management arrangements, including safeguards. The Republic of Colombia is a participant of the FCPF and has received a total of three grants. The first grant for a total amount of US\$ 200,000 was approved in October 2010 for the purpose of formulating a Readiness Preparation Proposal (R-PP), which was successfully completed in 2013. The second grant was approved in April 2015 for a total amount of US\$3.6 million and signed in May 2015 to carry out a participatory and inclusive process with key stakeholders for the preparation of the national REDD+ strategy, the Comprehensive Strategy for Deforestation Control and Sustainable Forest Management (*Estrategia Integral de Control a la Deforestación y Gestión Sostenible de Bosques*, EICDGB) and Readiness preparation activities. This grant was executed successfully and closed in January 2019. The third grant was approved by the Participants Committee of the FCPF (“PC”), the governing body of the FCPF, on February 23, 2018 through Resolution PC/23/2017/2, for the amount of US\$4.93 million to continue activities for the REDD+ Readiness Preparation Support Project (P120899).

2. The allocated funding gave origin to the Third Grant Agreement No. TFOA7032 signed between the World Bank, Fondo Acción (Grant Recipient), Ministry of Environment and Sustainable Development (MADS), and the Presidential Agency of Colombia (APC). It was declared effective on May 7, 2018. The purpose of this additional funding is to consolidate achievements under the second grant and strengthen the capacity of Colombia’s transition from REDD+ Readiness to REDD+ implementation. It finances the costs associated with scaling up and



expanding Component 1 (Consultation and Participation) and Component 2 (Strategy preparation) of the existing Project, and adding new activities under Component 3 (National Monitoring Systems for Forests and Safeguards).

3. **Objective of the Grant:** The project development objective (PDO) is “To strengthen the enabling conditions of the National REDD+ Strategy”, through the following key activities: (i) strengthening ongoing participatory processes by building the capacity of the indigenous and Afro-Colombian population, civil society and forestry sector organizations, thus increasing their engagement in the REDD+ process; (ii) creating appropriate conditions at institutional, technical and operative levels to enable the implementation of the REDD+ Strategy to halt deforestation in active deforestation hotspots, (iii) continuing the establishment of a robust national forest monitoring system by implementing a protocol for community monitoring that allows to reinforce tracking of the drivers and agents of deforestation; and, (iv) establishing a Safeguards Information System (SIS).

4. **Implementation Progress.** Although the Project was approved and declared effective on May 7, 2018, while the second grant was still under implementation (until January 2019), a new national government took office on August 7, 2018. The new authorities immediately initiated a review of the Ministry’s portfolio, and a restructuring of the entire workplan, placing on hold new activities. The new government began preparing a National Development Plan and wanted to align the REDD+ Strategy with the its new priorities. Thus, MADS did not sign off on the Annual Operations Plan until June 2019, six months after the end of the second FCPF grant. This delay also implied that the Project Implementation Unit had to be reconstituted, and a new coordinator was hired only in January 2020. In addition, departmental and municipal elections in January 2020 required renewed coordination and communications about the purpose of the Project. A review of planned activities was necessary to take place with the new local authorities who are key stakeholders for managing regional targets. The cumulative effect of these situations ended in a significant delay in the implementation of this grant, compounded by the unprecedented COVID-19 emergency which will most likely continue doing so for the next months to come.

5. As of May 20, 2020, the Grant had disbursed US\$ 843,560 (17 percent of the Grant). Commitments under contract accounted for US\$ 1,626,900 (33 percent of the Grant). Project performance is rated moderately satisfactory. There are no outstanding audit reports. The active coordination between Fondo Acción and MADS and related agencies, as well as the insertion of the Project within their existing structures, including through the two preceding grants, have provided strong foundations for the long-term sustainability of REDD+.

6. The progress in each Component so far is as follows:

Component	Progress
Component 1: Organization, consultation and participation (US\$2,214,997)	<ul style="list-style-type: none"> • The Project Implementation Unit (PIU) is in place and working on implementation activities. The Operations Manual was updated and received No Objection. • 10 workshops with 573 participants, of which 43% were women, were held with Afro Colombian, indigenous and farming communities about the importance of a collective vision for forests and its implication for their local economies.
Component 2: REDD + Strategy Implementation (US\$ 2,369,455)	<ul style="list-style-type: none"> • Three trainings took place on Community Management of Forests, sustainable wood trading, and furniture making for community representatives located in areas with the highest deforestation rates.



	<ul style="list-style-type: none"> • A mapping of local initiatives in deforestation hotspots has been completed that will be used to inform a coordinated strategy to tackle deforestation with support of local governments.
Component 3. National Monitoring Systems for Forests and Safeguards (US\$ 302,820).	<ul style="list-style-type: none"> • Support provided to the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) to strengthen the data for the forest reference emissions level of the Agriculture, Forestry and Land Use sector. • For the Community Monitoring System, the annual National Seminar on Forest Cover Monitoring was organized with the participation of community monitoring roundtables, aiming at promoting dialogue among community organizations and partners grouped in the Institutional Roundtable for Participatory Community Monitoring.
Component 4: Program Monitoring and Evaluation Framework (US\$ 112,727).	<ul style="list-style-type: none"> • A financial audit is underway

B. Rationale for the restructuring

8. Due to the abovementioned delays in the implementation of the Project, the development objectives and key milestones will not be fully achieved in time for the current closing date. On January 20, 2020, Fondo Acción requested an extension of the closing date from June 30, 2020 to July 31, 2022. During a virtual supervision mission in May 2020, it was agreed that December 31, 2021 would be an appropriate revised closing date. The proposed extension de facto reinstates the originally planned project implementation period.

9. The twelfth Participants Committee of the FCPF, on November 11 and 12, 2019, decided to extend the implementation period of the Readiness Fund from December 31, 2020 to December 31, 2022. The World Bank’s Board of Executive Directors approved this extension on April 6, 2020.

10. Although the country has continued the implementation of its REDD+ strategy, deforestation rates have been on an upward trend since 2016. This underscores the continued importance of supporting the government in response efforts. An extension of the closing date of the Grant is needed to implement project activities, achieve the PDO and associated targets, as well as ensure that the country will have the capacity to manage and update the systems that underlie REDD+ in the medium and long term. Completing these activities will also strengthen the enabling conditions for the Emission Reductions Program the government is preparing with World Bank support in the Orinoquia region (Sustainable Low-Carbon Development in Orinoquia Region Project, P160680) and strengthen analytical underpinnings and policy instruments that strengthen deforestation control in other World Bank project intervention areas, including for the Orinoquia Integrated Sustainable Landscapes Project (P167830), the Forest Conservation and Sustainability in the Heart of the Colombian Amazon Project (P144271), and the Northern Colombia Sustainable Value Chains Project (P172719).

11. To complete activities within the extended timeframe, Fondo Acción has developed an action plan based on an Annual Operations Plan through project closing that will be closely supervised by the World Bank task team through monthly meetings. The action plan foresees contractual commitments reaching US\$ 3.45 million (or 70 percent of the grant) by end-2020. Additionally, it was agreed with Fondo Acción and MADS to strengthen the technical and fiduciary capacity of the PIU. MADS appointed a focal point who will coordinate with different units within MADS to provide follow-up and critical technical support, facilitating cross-departmental coordination and collaboration and adequate provision of resources.



12. Fondo Acción and MADS maintain their commitment to the project objective. It is expected that the extension of the closing date and the agreed action plan will allow for successful completion of activities by the end of December 2021. This, according to the team's assessment, leaves sufficient time to properly complete all activities, including orderly closure.

II. DESCRIPTION OF PROPOSED CHANGES

13. This is a Level 2 restructuring for an extension of the closing date by eighteen months, from June 30, 2020 to December 31, 2021. The proposed extension will allow to carry out the above-mentioned activities and to achieve the PDO and associated targets.

14. The extension of the closing date complies with the Bank Directive for Investment Project Financing as: (i) the PDO remains achievable; (ii) the performance of Fondo Acción remains satisfactory; (iii) the World Bank, Fondo Acción and MADS agree on actions that will be undertaken to complete Grant activities; (iv) the Grant is not subject to suspension of disbursements; and (v) Fondo Acción does not have any outstanding or qualified audit reports.

15. The action plan is summarized in the following:

16. Component 1: The team of consultants will continue until 2021, providing advice and technical support to MADS in the areas of deforestation control and forest management, the design and implementation of pilots at the local level, of community monitoring initiatives in active deforestation areas, and the development of the Feedback and Grievance Redress Mechanism (FGRM). During the second semester of 2020 and the first semester of 2021, MADS will receive support for the establishment of roundtables with ethnic and rural organizations and communities that are part of the Participation Platform.

17. Component 2: During the second semester of 2020 and the first semester of 2021, the Project will pursue capacity development on sustainable forest management by hiring consultants enable knowledge exchanges. In the second semester of 2020, the pilots in the active deforestation front will be finalized. The implementation of these pilots is expected to begin in the last quarter of 2020 and during 2021. They include support for forest management plans and coordination among stakeholders for compliance with the Sentences of the Colombian Amazon (STC-4360/2018) and the Atrato River (T-622/2016) of the Colombian Supreme Court.

18. Component 3: Starting in the second semester of 2020, a series of consultants will support the implementation of community monitoring schemes in areas of high deforestation. A technical team will be hired during the second semester of 2020 and the first semester of 2021, to work both in generating information on the causes and agents of deforestation, and in calculating greenhouse gas emissions for the Agriculture, Forestry and other Land Uses. In 2021, with the support of the project's consultants the National Safeguards Information System (SNIS) will be integrated into the National Environmental System of Colombia (SIAC).

19. Given the uncertainties with respect to the COVID-19 pandemic, a health emergency risk of "moderate" (under "other risks") is added to the Systematic Operations Risk-Rating Tool (SORT). While many project activities can be conducted remotely, a number involve contact with populations in hard-to-reach areas. Should quarantine conditions continue, these will have to be reprogrammed. An evaluation to that effect will be



carried out in Q3 FY21 to allow for sufficient time for the execution of reprogrammed activities. The overall risk rating is being adjusted from “substantial” to “moderate” in line with the World Bank-wide risk recalibration exercise. In this context, the “Sector Strategies and Policies” rating has also been downgraded from “substantial” to “moderate” to reflect the fact that, with the new administration’s team in place, a clearer overall sector strategy is emerging.

20. The delayed start of implementation, as well as adapted activities to align the Project with the new administration’s priorities, require an update of the Results Framework.

Changes to the PDO Indicators

Original Indicator	Proposed Changes and Justification
<p>1. REDD+ and regional REDD+ implementation plans have been developed and finalized in consultation various sectors and stakeholders.</p> <p>End Target: 1 National; 8 Regional</p>	<p>REDD+ and regional REDD+ implementation plans have been developed and finalized in consultation with various sectors and stakeholders in four <i>Zonas Futuro</i> (Catatumbo, Bajo Cauca, Chiribiquete, and Pacifico Nariñense).</p> <p>End Target: 1 National; 4 Regional</p> <p>Justification: The indicator aligns with the new strategy of the national government for Comprehensive Strategic Interventions in territories of special attention (<i>Zonas Estratégicas de Intervención Integral</i>), or Future Zones (<i>Zonas Futuro</i>). The Project will contribute to the definition of the deforestation control strategy in each of the 4 areas, and provide inputs to guide other interventions for the conservation, restoration and forest management.</p>
<p>4. An action and financing plan, including a baseline for territorial conflicts, on consolidation of collective land rights is developed.</p> <p>End target: 1 plan</p>	<p>An action plan on deforestation and forest management, including a baseline of the territorial, social and environmental conflicts, is agreed between the Ministry of Environment and Sustainable Development, indigenous organizations, and local communities.</p> <p>End target: 1 plan</p> <p>Justification: The original indicator falls within the commitments and responsibilities of the National Land Agency and is outside of the scope of the REDD+ Strategy. For this reason, the activity and the resulting indicator are being adjusted to better reflect MADS’ needs and current commitments. The activity will develop a comprehensive proposal, based on consultations with indigenous and rural communities at the national and territorial levels, to strengthen environmental governance in the territories. In this way, this action plan will provide</p>



	an analytical basis to address socio-environmental conflicts related to deforestation and forest management.
5. Environmental Module for the cadaster developed. End target: Y	Environmental Module for the cadaster developed. Deleted. Justification: Since project start, developments the National Multipurpose Cadaster Project, identified that, rather than an Environmental Module for the cadaster system, there was a need to ensure interoperability of the cadaster system with the national and regional environmental information systems. The Cadaster Project is addressing this need.

Changes to Intermediate Results Indicators

Original Indicator	Proposed Changes and Justification
4. CICOD (Commission for the Control of Deforestation and the Protection of Forest) national and regional inter-sectoral coordination mechanisms strengthened. End Target: 5 National; 6 Regional	Inputs prepared for deforestation control policies and regulations. End Target: 5 policy inputs. Justification: The National Development Plan Law (No. 1955-2019) created the National Council for Deforestation Control and Other Associated Environmental Crimes (CONALDEF), effectively replacing the CICOD. Due to the confidential way in which the CONALDEF operates, it is not possible for the Project to support this intersectoral mechanism. CONALDEF manages security and anonymity protocols that do not allow exposing the minutes of its meetings, results, plans and others. The revised indicator therefore measures the inputs (studies, reports, briefs) to policy and regulatory instruments the government is preparing in the deforestation control space.
6. Updated maps of deforestation hotspots and Paramos in rural areas (1:25.000) in some Departments of the Pacific, Caribbean and Andes regions. End target: 5	Maps with updated deforestation and land use change dynamics. End target: 13 Justification: MADS/IDEAM don't normally provide maps at 1:25,000 scale. Moreover, páramos do not fall within the scope of the REDD+ strategy. The activity is therefore being updated to meet the need of Directorate of Climate Change of MADS to generate detailed cartography in the 13 departments with the highest deforestation rates in the country. These maps will be used to inform project proposals to



	reduce deforestation at a departmental level and to develop and monitor REDD+ initiatives.
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III. SUMMARY OF CHANGES

	Changed	Not Changed
Disbursements Arrangements		✓
Disbursement Estimates	✓	
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework	✓	
Components and Cost		✓
Closing Date(s)	✓	
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Procurement		✓
Implementation Schedule	✓	
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓



IV. DETAILED CHANGE(S)

DEFERRED DRAWDOWN OPTION (DDO)

Change in DDO Status

No

Current DDO Status	Proposed DDO Status
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PROJECT DEVELOPMENT OBJECTIVE

To strengthen the enabling conditions for REDD+ Strategy (EICDGB) implementation.

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TFOA7032	Effective	30-June-2020		31-Dec-2021	30-Apr-2022

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Fiscal Year	Current	Proposed
2019	Not available	100,000
2020	Not available	743,561
2021	0	3,731,537
2022	0	354,902
TOTAL	4,930,000	4,930,000



SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating at Approval	Current Rating
Political and Governance	Substantial	Substantial
Macroeconomic	Moderate	Moderate
Sector Strategies and Policies	Substantial	Moderate
Technical Design of Project or Program	Moderate	Moderate
Institutional Capacity for Implementation and Sustainability	Substantial	Substantial
Fiduciary	Moderate	Moderate
Environment and Social	Substantial	Substantial
Other: Health Emergency Crisis		Moderate
Stakeholders	Moderate	Moderate
Overall	Substantial	Moderate

Environmental Assessment (EA) Category

Change of EA Category	Original EA Category
N/A	Partial Assessment (B)
Current EA Category	Proposed EA Category
Partial Assessment (B)	N/A



Results framework

COUNTRY: COLOMBIA
Colombia FCPF REDD Readiness (P120899)

Project Development Objective

To strengthen the enabling conditions of the National REDD+ Strategy

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
Outcome/Objective			
1. REDD+ and regional REDD+ implementation plans have been developed and finalized in consultation with various sectors and stakeholders in four Zonas Futuro (Catatumbo, Bajo Cauca, Chiribiquete and Pacifico Nariñense).	No	1 National 0 Regional	1 National 4 Regional
2. National and regional stakeholder participation platforms operational	No	0 National 4 Regional	2 National 9 Regional
3. Strategic Environmental and Social Assessment (SESA) for REDD+ completed country-wide and a National Environmental and Social Management Framework (ESMF) prepared	No	No	Yes
4. An action plan of the commitments on deforestation and forest management, including a baseline of the territorial, social and environmental conflicts, is agreed between the Ministry of Environment and Sustainable Development, and indigenous organizations, and local communities.	No	No	Yes



Indicator Name	DLI	Baseline	End Target
5. Incorporation of the REDD+ Safeguard Information System within the National Environmental Information System (SIAC).	No	No	Yes

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Component 1. The Readiness Organization and Consultation process continues			
1. National feedback and grievance redress mechanism (FGRM) for REDD+ with improved accessibility and cultural relevance	No	No	Yes
2. A community communications, education and knowledge management strategy designed	No	No	Yes
3. Capacity Building Plan of the EICDGB prepared	No	No	Yes
4. Inputs prepared for deforestation control policies	No	0	5
Component 2. REDD+ Strategy Implementation			
5. Regional pilots for Payment for Environmental Services (PES) designed	No	0	3
6. Maps with updated deforestation and land use change dynamics	No	0	13
7. REDD+ Strategy-proposed interventions models for deforestation hotspots/ agricultural frontier areas defined	No	0	9
Component 3. Monitoring systems for forests and Safeguards formulated and in operation			



Indicator Name	DLI	Baseline	End Target
8. Community Forest Monitoring System designed and piloted in three deforestation hotspots	No	No	Yes
9. Parameterization of modules in REDD+ Safeguard Information System undertaken	No	No	Yes